

FEDERAL REGISTER

VOLUME 30 • NUMBER 197

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Pages 12923-12993

PART I

(Part II begins on page 12967)

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Agency for International Development
Atomic Energy Commission
Civil Aeronautics Board
Civil Service Commission
Commerce Department
Consumer and Marketing Service
Defense Department
Federal Aviation Agency
Federal Power Commission
Federal Trade Commission
Fish and Wildlife Service
Food and Drug Administration
Interior Department
Internal Revenue Service
Interstate Commerce Commission
Justice Department
Land Management Bureau
Tariff Commission

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5-Year Compilations of Presidential Documents

Supplements to Title 3

of the

Code of Federal Regulations

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the President and published in the Federal Register during the period June 2, 1938–December 31, 1963. Tabular finding aids and subject indexes are included. The individual volumes are priced as follows:

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(Codification Guide)

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A cumulative guide is published separately at the end of each month. The guide lists the parts and sections affected by documents published since January 1, 1965, and specifies how they are affected.

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Title 3—THE PRESIDENT

Proclamation 3677

SEE THE UNITED STATES THROUGH 1966

By the President of the United States of America

A Proclamation

WHEREAS By Proclamation No. 3607 of August 15, 1964, I designated the years 1964 and 1965 as a period in which all persons were especially invited to see the United States; and

WHEREAS our people are striving through private initiative and through public programs at all levels of Government to preserve and develop the beauty of this land; and

WHEREAS they are touring the length and breadth of this land to observe personally the splendor of their country and through these travels are becoming increasingly aware of the destiny of their Nation; and

WHEREAS foreign tourists are seeing America and visiting her national shrines and natural wonders in mounting numbers; and

WHEREAS continuing efforts are being made to make their stay on our shores more enjoyable and to give them a better understanding of our homeland, its history, and its tradition; and

WHEREAS a number of festivals, fairs, pageants, and other ceremonies will take place in 1966 in the United States, its territories and possessions, and the Commonwealth of Puerto Rico; and

WHEREAS the Congress by the joint resolution of October 2, 1965, has requested the President to extend through 1966 the period designated to see the United States and its territories and to issue a proclamation specially inviting citizens of other countries to visit the festivals, fairs, pageants, and other ceremonies to be celebrated in 1966 in our country;

NOW, THEREFORE, I, LYNDON B. JOHNSON, President of the United States of America, do hereby extend through the year 1966 the period during which all persons are specially invited to see the United States, visit our historic shrines, our natural wonders, and our great recreational areas and facilities; and I extend a special invitation to citizens of other countries to visit the festivals, fairs, pageants, and other ceremonies that will take place in 1966 in the United States of America, its territories and possessions, and the Commonwealth of Puerto Rico.

I also invite private industry and interested private organizations during this period to continue to encourage both American citizens and citizens of other countries to visit these festivals, fairs, pageants, and other ceremonies and to explore, use, and enjoy the scenic, historical, and recreational areas and facilities throughout the United States of America, its territories and possessions, and the Commonwealth of Puerto Rico.

THE PRESIDENT

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this second day of October in the year of our Lord nineteen hundred and sixty-five, and [SEAL] of the Independence of the United States of America the one hundred and ninetieth.

LYNDON B. JOHNSON

By the President:

GEORGE W. BALL,
Acting Secretary of State.

[F.R. Doc. 65-10885; Filed, Oct. 8, 1965; 4:25 p.m.]

Proclamation 3678

NATIONAL FARM-CITY WEEK, 1965

By the President of the United States of America

A Proclamation

WHEREAS the American consumer enjoys such a great abundance of farm products, manufactured goods, and services that his standard of living is the highest in the world; and

WHEREAS the urban citizen relies on the farmer for a never-ending flow of high quality farm products to feed, clothe, and shelter him; and

WHEREAS the farmer similarly looks to his fellow city workers for a myriad variety and quantity of manufactured goods, and the machines and power he needs for his work; and

WHEREAS farm and city workers have increased their efficiency to the extent that this Nation was able to produce a record 622 billion dollars worth of goods and services last year; and

WHEREAS the American consumer now spends a record low of about 18½ per cent of his disposable income for food compared with 27 per cent during the late 1940's; and

WHEREAS this Nation's abundance now brings within our reach the world's first victory in the war against poverty and offers new hope to the impoverished peoples of the world; and

WHEREAS our national effort to conserve and develop the Natural Beauty of America requires the cooperative action of all Americans, rural and urban;

NOW, THEREFORE, I, LYNDON B. JOHNSON, President of the United States of America, do hereby designate the week of November 19 through November 25, 1965, as National Farm-City Week, and call upon citizens throughout the Nation to participate in observance of that week.

I request that leaders of civic associations, youth and women's clubs, farmers' organizations, business groups and labor unions, and all consumers join in this observance in appreciation of the important contributions that the farmer makes to the welfare of urban people, and the city worker to the welfare of people living on farms.

I urge the Department of Agriculture, land-grant colleges and universities, the cooperative extension service, and all appropriate Government officials to cooperate with national, State, and local organizations in carrying out programs to observe National Farm-City Week, including public meetings and exhibits and press, radio, and television features. I urge that such programs place emphasis on the responsibilities of rural and urban citizens in the war against poverty, in the creation of new jobs and new sources of income, in improving educational, medical, and other community services, and in developing and preserving the natural beauty of America.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this sixth day of October in the year of our Lord nineteen hundred and sixty-five, and
[SEAL] of the Independence of the United States of America the one hundred and ninetieth.

LYNDON B. JOHNSON

By the President:

GEORGE W. BALL,
Acting Secretary of State.

[F.R. Doc. 65-10886; Filed, Oct. 8, 1965; 4:25 p.m.]

DECLARATION

NATIONAL LABOR DAY, 1914

By the President of the United States of America

A Proclamation

WHEREAS the President of the United States has received from the National Labor Union a petition signed by its members and others, praying that the day of September 8, 1914, be set apart as a national day of labor; and

WHEREAS the President has been advised by the Secretary of Labor that the day of September 8, 1914, is the day on which the first national labor union was organized; and

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Proclamation 3679

WHITE CANE SAFETY DAY, 1965

By the President of the United States of America

A Proclamation

On the streets and highways of our nation, the white cane instantly identifies the blind person, proudly coming and going on his own, but highly dependent for safety upon the courtesy and consideration of others. To make our people more fully aware of the significance of the white cane, and of the need for motorists to exercise caution and courtesy when approaching persons carrying a white cane, the Congress, by a joint resolution approved October 6, 1964 (78 Stat. 1003), has authorized the President to proclaim October 15 of each year as White Cane Safety Day.

NOW, THEREFORE, I, Lyndon B. Johnson, President of the United States of America, do hereby proclaim October 15, 1965, as White Cane Safety Day.

I urge civic and service organizations, schools, public bodies, and the media of public information in every community to join in observing White Cane Safety Day with activities which will promote greater awareness of the meaning of the white cane, and thus contribute to the safety of our blind citizens.

I call upon all our citizens to join individually in this effort, that blind persons in our society may continue to enjoy a high degree of independence.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this seventh day of October in the year of our Lord nineteen hundred and sixty-five, and
[SEAL] of the Independence of the United States of America the one hundred and ninetieth.

LYNDON B. JOHNSON

Approved Cabinet Room,

WHITE HOUSE.

October 7, 1965.

By the President:

GEORGE W. BALL,

Acting Secretary of State.

[F.R. Doc. 65-10888; Filed, Oct. 8, 1965; 4:25 p.m.]

Proclamation 3680

NATIONAL DAY OF PRAYER, 1965

By the President of the United States of America

A Proclamation

Even as they deliberated the conception of this Nation, our forefathers, mindful of the frailties of mortal men, turned for guidance to Almighty God.

Their humble and sincere prayer, delivered in their belief that all good things are the gift of God, established a reliance that remains unbroken.

As did our founding fathers, our people continue to place their trust in God.

Time and time again we have turned to Him for succor, and time and time again He has answered with manifestations of abundance.

In our own times, the Congress by a joint resolution of April 17, 1952, provided—that the President “shall set aside and proclaim a suitable day each year, other than a Sunday, as a National Day of Prayer, on which the people of the United States may turn to God in prayer and meditation at churches, in groups, and as individuals.”

NOW, THEREFORE, I, LYNDON B. JOHNSON, President of the United States of America, do hereby set aside Wednesday, October 20, 1965, as National Day of Prayer, 1965.

Few nations have been so favored by Almighty God, and it is altogether fitting that a day be set aside for this purpose.

Thus it is in the same spirit of humility and conviction demonstrated by our forefathers that I urge each citizen, according to his own conscience, to pause on that day to acknowledge our dependence upon God.

In these days of peril and uncertainty, I urge that each of us plead for wisdom, strength and courage.

I urge that we pray for God-given vision and determination to make the sacrifices demanded by our responsibilities to our fellow men in our own Nation and in other lands of this world.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this seventh day of October in the year of our Lord nineteen hundred and sixty-five, and
[SEAL] of the Independence of the United States of America the one hundred and ninetieth.

LYNDON B. JOHNSON

By the President:

GEORGE W. BALL,
Acting Secretary of State.

[F.R. Doc. 65-10887; Filed, Oct. 8, 1965; 4:25 p.m.]

Executive Order 11246
EQUAL EMPLOYMENT OPPORTUNITY

Correction

Two typographical errors in Executive Order No. 11246 of September 24, 1965 (30 F.R. 12319), are corrected as follows:

1. In Section 202 the word "involved" in paragraph (6) of the quoted contract provisions is corrected to read "invoked".
2. In Section 301 the reference to "Section 203" is corrected to read "Section 202".

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Rules and Regulations

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 213—EXCEPTED SERVICE

Department of Defense

Section 213.3307 is amended to show that the position of Confidential Assistant to the General Counsel no longer is excepted under Schedule C. Effective on publication in the *FEDERAL REGISTER*, subparagraph (12) of paragraph (a) of § 213.3307 is revoked.

(R.S. 1753, sec. 2, 22 Stat. 403, as amended; 5 U.S.C. 631, 633; E.O. 10577, 19 F.R. 7621, 3 CFR, 1954-1958 Comp., p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] MARY V. WENZEL,

Executive Assistant to the Commissioners.

[F.R. Doc. 65-10836; Filed, Oct. 11, 1965; 8:47 a.m.]

Title 7—AGRICULTURE

Chapter IX—Consumer and Marketing Service [Marketing Agreements and Orders; Fruits, Vegetables, Nuts], Department of Agriculture

[Lemon Reg. 181, Amdt. 1]

PART 910—LEMONS GROWN IN CALIFORNIA AND ARIZONA

Limitation of Handling

(a) Findings. (1) Pursuant to the marketing agreement, as amended, and Order No. 910, as amended (7 CFR Part 910), regulating the handling of lemons grown in California and Arizona, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations and information submitted by the Lemon Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such lemons, as hereinafter provided, will tend to effectuate the declared policy of the act by tending to establish and maintain such orderly marketing conditions for such lemons as will provide, in the interest of producers and consumers, an orderly flow of the supply thereof to market throughout the normal marketing season to avoid unreasonable fluctuations in supplies and prices, and is not for the purpose of maintaining prices to farmers above the level which it is declared to be the policy of Congress to establish under the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this amendment until 30 days after publication hereof in the *FEDERAL REGISTER* (5 U.S.C. 1001-1011) because the time intervening between the date when information upon which this amendment is based became available and the time when this amendment must become effective in order to effectuate the declared policy of the act is insufficient, and this amendment relieves restrictions on the handling of lemons grown in California and Arizona.

(b) Order, as amended. The provisions in paragraph (b) (1) (ii) of § 910.481 (Lemon Regulation 181, 30 F.R. 12637) are hereby amended to read as follows: § 910.481 Lemon Regulation 181.

- (b) Order. (1)
(ii) District 2: 186,000 cartons.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: October 7, 1965.

FLOYD F. HEDLUND,
Director, Fruit and Vegetable Division, Consumer and Marketing Service.

[F.R. Doc. 65-10821; Filed, Oct. 11, 1965; 8:47 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Agency

[Airspace Docket No. 65-SW-21]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, CONTROLLED AIRSPACE AND REPORTING POINTS

Alteration of Control Zone

On June 9, 1965, a notice of proposed rule making was published in the *FEDERAL REGISTER* (30 F.R. 7524) stating that the Federal Aviation Agency proposed to alter the Lubbock, Tex., Municipal Airport control zone.

Interested persons were afforded an opportunity to participate in the rule making through submission of comments. All comments received were favorable.

Subsequent to the publication of the notice, the AL-241-VOR-1, AL-241-VOR/DME-2, and AL-241-VOR/DME-3 approach procedures were established for the Lubbock Municipal Airport. Therefore, it is necessary to retain the northwest extension to the Lubbock VORTAC with a one degree radial change, from 122° to 123°, due to a change in the ap-

proach radial. It is also necessary to retain the existing southeast extension and designate the southeast extension proposed in the notice with a change in the radial proposed from 114° to 116°. Since these changes involve no additional controlled airspace and impose no additional burden on any person, notice and public procedures thereon are not necessary.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective 0001 e.s.t. December 9, 1965, as hereinafter set forth.

In § 71.171 (30 F.R. 6641) the Lubbock, Tex., Municipal Airport control zone is amended to read:

LUBBOCK, TEX., MUNICIPAL AIRPORT

That airspace within a 5-mile radius of Lubbock, Tex., Municipal Airport (latitude 33°39'33" N., longitude 101°49'41" W.): within 2 miles each side of the Lubbock VORTAC 123° radial, extending from the Lubbock 5-mile radius zone to the VORTAC; within 2 miles each side of the Lubbock VORTAC 124° and 116° radials, extending from the Lubbock 5-mile radius zone to 11.5 miles southeast of the VORTAC; and within 2 miles each side of the Lubbock ILS localizer north course, extending from the 5-mile radius zone to the OM.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348)

Issued in Fort Worth, Tex., on September 30, 1965.

A. L. COULTER,
Acting Director, Southwest Region.

[F.R. Doc. 65-10803; Filed, Oct. 11, 1965; 8:45 a.m.]

[Airspace Docket No. 65-SO-11]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, CONTROLLED AIRSPACE, AND REPORTING POINTS

Revocation of Federal Airways

On July 7, 1965, a notice of proposed rule making was published in the *FEDERAL REGISTER* (30 F.R. 8589) stating that the Federal Aviation Agency was considering the revocation of Victor 45 east and west alternates from Greensboro, N.C., to Raleigh, N.C.

Interested persons were afforded an opportunity to participate in the proposed rule making through the submission of comments. All comments received were favorable.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective 0001 e.s.t., December 9, 1965, as hereinafter set forth.

Section 71.123 (29 F.R. 17509) is amended as follows:

In V-45 all before "Pulaski, Va.," is deleted and "From New Bern, N.C., via Kinston, N.C.; Raleigh, N.C.; Greensboro, N.C.; INT of Greensboro 334° and Hickory, N.C., 049° radials," is substituted therefor.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348)

Issued in Washington, D.C., on October 4, 1965.

D. E. BARROW,
Chief, Airspace Regulations
and Procedures Division.

[F.R. Doc. 65-10804; Filed, Oct. 11, 1965;
8:45 a.m.]

[Airspace Docket No. 65-SW-13]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration and Designation of Federal Airways

On June 12, 1965, a notice of proposed rule making was published in the *FEDERAL REGISTER* (30 F.R. 7664) stating that the Federal Aviation Agency was considering an amendment to Part 71 of the Federal Aviation Regulations that would alter V-76, V-212, V-222, V-15, V-13, and V-477. In addition, the amendment would designate a new airway from Austin, Tex., to Houston, Tex., via a new Industry, Tex., VOR and Eagle Lake, Tex.

Interested persons were afforded an opportunity to participate in the proposed rule making through the submission of comments. All comments received were favorable.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective 0001 e.s.t., December 9, 1965, as hereinafter set forth.

Section 71.123 (29 F.R. 17509, 30 F.R. 2767, 7094, 9000, 9624) is amended as follows:

1. In V-13 "and also a west alternate via INT of Houston 353" and Lufkin 223" radials;" is deleted and "and also a west alternate via INT Houston 354" and Lufkin 218" radials;" is substituted therefor.

2. In V-15 "including a west alternate from Houston to College Station via INT of Houston 290" and College Station 152" radials;" is deleted and "including a west alternate via INT Houston 287" and College Station 149" radials;" is substituted therefor.

3. In V-76 "Houston, Tex.;" is deleted and "Industry, Tex.; INT Industry 104" and Houston, Tex., 287" radials; Houston, including a south alternate from Industry to Houston via Eagle Lake, Tex.;" is substituted therefor.

4. In V-212 "via INT of San Antonio 074" and College Station, Tex., 202" radials; College Station;" is deleted and "via INT San Antonio 089" and Industry, Tex., 233" radials; Industry; Navasota, Tex.;" is substituted therefor.

5. In V-222 all between "San Antonio;" and "Beaumont, Tex.;" is deleted and "INT San Antonio 074" and Industry, Tex., 264" radials; Industry; INT Industry 104" and Houston, Tex., 287" radials; Houston;" is substituted therefor.

6. In V-477 "including an east alternate via Houston 353" and Leona 141" radials" is deleted and "including an east alternate via INT Houston 354" and

Leona 143" radials" is substituted therefor.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348)

Issued in Washington, D.C. on October 4, 1965.

D. E. BARROW,
Chief, Airspace Regulations
and Procedures Division.

[F.R. Doc. 65-10805; Filed, Oct. 11, 1965;
8:45 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 8458]

PART 13—PROHIBITED TRADE PRACTICES

Grand Union Co.

Subpart—Acquiring corporate stock or assets: § 13.5 Acquiring stock or assets.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies Sec. 7, 38 Stat. 731, as amended; 15 U.S.C. 18) [Order of divestiture, the Grand Union Co., East Paterson, N.J., Docket 8458, June 10, 1965]

Consent order requiring an East Paterson, N.J., operator of some 472 grocery supermarkets, to divest itself absolutely, and to a purchaser approved by the Commission, of 10 grocery stores acquired in 1958 by its acquisition of two New York grocery chains, five located in Levittown and one each in Schenectady, Cohoes, Poughkeepsie, Troy, and Beacon; and requiring firm to desist from making specified grocery store acquisitions within the next 10 years without prior approval of the Commission, and requiring compliance with other related provisions of the divestiture order as set forth below.

The order of divestiture including further order requiring report of compliance therewith is as follows:

I. *It is ordered*, That with respect to the acquisition by respondent, the Grand Union Co., of nineteen (19) grocery stores in Nassau and Suffolk Counties, N.Y., from Sunrise Supermarkets Corp., and forty (40) grocery stores in twelve (12) upstate New York counties from Schaffer Stores Co., Inc., respondent divest, absolutely and in good faith, and to a responsible purchaser or purchasers approved by the Federal Trade Commission, the following stores acquired by respondent from Sunrise Supermarkets Corp., and Schaffer Stores Co., Inc.: Stores No. 010, 012, 015, 017, and 018 in Levittown; No. 1831 in Schenectady; No. 1848 in Cohoes; No. 1849 in Poughkeepsie; and No. 1857 in Troy, as well as Grand Union Store No. 888 in Beacon, all in the State of New York. It is further ordered that respondent, within thirty (30) days after the effective date of this Order, begin to offer, and to continue to make good faith efforts to divest, such stores at a price reasonably related to respondent's depreciated book

value of the leasehold, leasehold improvements and the furniture, fixtures and equipment in such stores; the sale shall not include merchandise inventories or trade names. If divestiture of any store is not accomplished prior to the expiration of the existing lease term on said store, respondent shall not renew the lease or exercise any option to extend the existing term of the lease on such store without prior approval of the Federal Trade Commission. It is further ordered that respondent not reacquire, or reopen as grocery stores, any of the twenty-three (23) stores acquired as aforesaid which it has already closed.

II. *It is further ordered*, That, in said divestiture, respondent not sell or transfer, directly or indirectly, any of said assets to anyone who is, at the time of divestiture, an officer or director of, or under the control or direction of, the Grand Union Co. or any of its subsidiaries or affiliates, or to any person who owns or controls more than one (1) percent of the outstanding shares of common stock of the Grand Union Co. or any of its subsidiaries or affiliates.

III. *It is further ordered*, That, pending divestiture, respondent not make any changes in any of the aforesaid assets which would impair their capacity for the retail sale of food or grocery products, or their market value. Respondent may remove existing names and signs from the divested premises.

IV. *It is further ordered*, That, for ten (10) years from the effective date of this order, respondent shall not, without the prior approval of the Federal Trade Commission, in any county (or city or town which is not a county) in the United States in which respondent then operates a retail store substantially engaged in the sale of food or grocery products, directly or indirectly, make any acquisition of:

(1) Any chain of four (4) or more retail stores in any city or town in such county (or in any such city or town which is not a county), which are substantially engaged in the sale of food or grocery products, or,

(2) Any store or chain of stores, located in any such city or town, having total food or grocery products sales in such city or town, in the last fiscal year ended prior to such acquisition, in excess of five million dollars (\$5,000,000), where the aggregate food and grocery products sales of the stores of respondent and of the store or stores included in such acquisition, in such city, town or county, in the year preceding such acquisition, amount to more than five percent (5%) of total food store sales in such city, town or county, using the appropriate estimated retail food sales data, if any, published in the Sales Management Survey of Buying Power; where no such city or town data is available, this provision shall be applied on a county basis.

V. Paragraph IV shall terminate should the Federal Trade Commission, through a Trade Regulation Rule or other like, non-adjudicative, industrywide proceeding, issue rules or guidelines covering the subject matter of that paragraph.

In the event that the Federal Trade Commission issues any order which is less restrictive than the provisions of Paragraph IV of this order, in any adjudicative proceeding involving a horizontal merger or acquisition by a grocery store chain, then the Commission shall, upon the application of respondent, pursuant to Rule 3.28 of the Commission's rules of practice, reopen this proceeding in order to make whatever revisions, if any, are necessary to bring the restrictions imposed upon respondent herein into conformity with those imposed upon its competitors.

VI. It is further ordered, That, within sixty (60) days after the effective date of this order, and every sixty (60) days thereafter until it has fully complied with the provisions of Paragraphs I, II, and III of this order respondent submit in writing to the Federal Trade Commission a report setting forth in detail the manner and form in which it intends to comply, is complying, and/or has complied with this order. All compliance reports shall include, among other things that will be from time to time required, a summary of all contacts and negotiations with potential purchasers of the assets to be divested under this order, the identity of all such potential purchasers, and copies of all written communications to and from such potential purchasers.

Issued: June 10, 1965.

[SEAL] JOSEPH W. SHEA,
Secretary.

By the Commission.

[F.R. Doc. 65-10806; Filed, Oct. 11, 1965;
8:45 a.m.]

Title 26—INTERNAL REVENUE

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER D—MISCELLANEOUS EXCISE TAXES [T.D. 6853]

PART 145—TEMPORARY REGULATIONS IN CONNECTION WITH THE EXCISE TAX REDUCTION ACT OF 1965

Extensions of Time for Filing Returns and Paying Certain Excise Taxes

Paragraph (b) of § 145.1-1 of the Temporary Regulations in Connection with the Excise Tax Reduction Act of 1965 (26 CFR Part 145) is amended by adding thereto new subparagraph (4), to read as follows:

§ 145.1-1 Extensions of time for filing excise tax returns and for paying taxes included on such returns for second and fourth quarters of 1965.

(b) Other extensions of time for filing returns and paying tax. * * *

(4) Notwithstanding any other provision in this paragraph to the contrary, an initial extension of time to November 1, 1965, may be granted by the district director for filing the return on Form 720 for the quarter ended June 30,

1965, or for paying the taxes included in such return, or for both, to any taxpayer who is required to make a return for such quarter of a tax imposed by chapter 32 of the Code (relating to manufacturers excise taxes), if application for the extension in the form specified in subparagraph (3) of this paragraph is received by the district director on or before October 15, 1965, and a showing is made that if the application for the extension had been submitted on or before the due date of the return—

(i) There would have been good and sufficient cause for the granting of the extension, or

(ii) There would have been good and sufficient cause for the granting of the extension except for the fact that the taxpayer became entitled to substantial credits on or before the due date of such return rather than thereafter.

In such a case additional extensions may be granted, subject to the provisions of subparagraphs (1), (2), and (3) of this paragraph.

Because this Treasury decision prescribes rules which are favorable to taxpayers and which must be effective forthwith, it is deemed unnecessary to issue this Treasury decision with notice and public procedure thereon under section 4(a) of the Administrative Procedure Act, approved June 11, 1946, or subject to the effective date limitation of section 4(c) of that Act.

(Sec. 7805 of the Internal Revenue Code of 1954; 68A Stat. 917; 26 U.S.C. 7805)

[SEAL] SHELDON S. COHEN,
Commissioner of Internal Revenue.

Approved: October 7, 1965.

STANLEY S. SURREY,
Assistant Secretary
of the Treasury.

[F.R. Doc. 65-17090; Filed, Oct. 11, 1965;
8:45 a.m.]

[T.D. 6854]

PART 147—TEMPORARY REGULATIONS UNDER THE INTEREST EQUALIZATION TAX ACT

Interest Equalization Tax

In order to conform the temporary regulations (26 CFR Part 147) to sections 4917, 4920(a) (5) and (5A), and 6011(d) (2) of the Internal Revenue Code of 1954, as amended by the Interest Equalization Tax Extension Act of 1965, approved October 9, 1965, the following regulations are hereby adopted:

PARAGRAPH 1. Section 147.4-1 is revised by amending paragraphs (c) (2) and (d) (3) and by adding a new paragraph (e). The revised provisions read as follows:

§ 147.4-1 Exclusion for original or new issues where required for international monetary stability.

(c) Notice of acquisition under Executive Order No. 11175. * * *

(2) Time of filing. Except as provided in paragraph (e) of this section—

(i) Acquisition occurring after July 18, 1963, and before June 25, 1965. * * *

(d) Notice of acquisition under Executive Order No. 11211. * * *

(3) Filing of notice. Except as provided in paragraph (e) of this section—

(i) Notice of acquisition (Part I). * * *

(e) Time for filing notices for certain acquisitions occurring after February 10, 1965, and before October 9, 1965. With respect to the acquisition of a debt obligation of a foreign obligor, having a maturity of at least 1 year but less than 3 years, occurring after February 10, 1965, and before October 9, 1965, for which an exclusion is claimed under this section, the appropriate notice of acquisition described in paragraph (c) or (d) of this section, as the case may be, shall be filed on or before November 30, 1965.

PAR. 2. Section 147.7-3 is amended by adding the following new paragraph:

§ 147.7-3 Election to treat foreign branch office as foreign corporation or partnership.

(f) Certificates of American ownership. A corporation or partnership making an election with respect to a branch office under this section shall not, at any time after June 28, 1965, execute a certificate of American ownership (within the meaning of § 147.5-1) with respect to stock or a debt obligation of a foreign issuer or obligor held by such branch office on the date such election is made or acquired by such branch office while such election is in effect.

PAR. 3. Part 147 is amended by adding the following section:

§ 147.7-6 Election by commercial financing corporation to treat foreign branch office as a foreign corporation.

(a) In general. Section 4920(a) (5A) provides that the term "domestic corporation" shall not include a branch office of such a corporation located outside the United States if the conditions set forth in paragraph (b) of this section are satisfied and if such corporation elects to treat such branch office as a foreign corporation for purposes of chapter 41 of the Code. The effect of such an election is to permit the foreign branch office to acquire stock or debt obligations of foreign issuers or obligors free of tax but to treat, under section 4912(b) (2) (B), any transfer of money or other property (including a transfer for consideration) by the domestic corporation to such foreign branch office (or borrowing by such branch from banks in the United States) as a taxable acquisition of stock of a foreign corporation to the extent of such transfer or borrowing.

(b) Requirements for election. A domestic corporation (within the meaning of section 4920(a) (5)), may make the election described in paragraph (a) of this section only if all the following conditions are satisfied—

(1) Such corporation is primarily engaged in the trade or business of acquiring debt obligations—

(i) Arising out of the sale of tangible personal property produced, manufactured, or assembled by one or more includible corporations in an affiliated group (determined under section 48(c)(3)(C) except that clause (i) of such section shall not apply) of which such acquiring corporation is a member; and

(ii) Arising out of the sale of tangible personal property received as part or all of the consideration in sales of tangible personal property described in subdivision (i) of this subparagraph.

(2) Such foreign branch office—

(i) Is primarily engaged (within the meaning of paragraph (c) of this section) in the trade or business of acquiring debt obligations described in subparagraph (1) of this paragraph which are repayable exclusively in one or more currencies other than United States currency;

(ii) Was located outside the United States on February 10, 1965;

(iii) Was regularly engaged in the trade or business of acquiring debt obligations described in subparagraph (1) of this paragraph for a period of not less than 12 consecutive months before February 10, 1965; and

(iv) Maintains separate books and records reasonably reflecting the assets and liabilities properly attributable to such office.

(c) "Primarily engaged" defined. A domestic corporation or a foreign branch office of such corporation shall be treated as primarily engaged in the trade or business described in paragraph (b)(1) of this section, if—

(i) At least 90 percent of the face amount of the debt obligations acquired by such corporation and branch office during the taxable year consists of debt obligations described in such paragraph; and

(ii) Such corporation or branch office throughout such taxable year is exclusively engaged in the trade or business of acquiring debt obligations (of any description) and servicing debt obligations arising out of sales of tangible personal property described in such paragraph.

For purposes of this paragraph, servicing debt obligations shall include activities relating to the administration and collection of such debt obligations.

(d) Time and manner of making election—(1) In general. The initial election under this section shall be made by a domestic corporation on or before December 8, 1965, by filing a statement of election with the district director for the district in which is located the principal place of business or principal office of the corporation. A separate election may be made with respect to each branch office of such corporation which is to be treated as a foreign corporation for purposes of chapter 41 of the Code, except that, for purposes of the election, all locations at which branch operations are conducted in a particular foreign coun-

try must be treated as a single branch office. Such initial election shall be effective as of February 11, 1965, with respect to all acquisitions of stock or debt obligations of a foreign issuer or obligor by such branch and with respect to all transactions referred to in section 4912(b)(2)(B) occurring on or after such date and shall remain in effect until revoked.

(2) Information to be furnished. The following information shall be submitted with the statement of election:

(i) The name, address, and principal place of business of the electing corporation;

(ii) The name and current location of each branch office with respect to which an election is made;

(iii) The location on February 10, 1964, of each branch office with respect to which an election is made;

(iv) A brief description of the activities of the electing corporation in sufficient detail to show whether or not such corporation qualifies under paragraph (b)(1) of this section;

(v) A brief description of the activities of each branch office for which an election is made in sufficient detail to show whether or not such branch office qualifies under paragraph (b)(2)(i) and (iii) of this section;

(vi) A statement that books and records are maintained by such branch office reasonably reflecting the assets and liabilities attributable to such office and the location of such books and records; and

(vii) An agreement to furnish to the Commissioner within 30 days after the close of each calendar quarter commencing with the calendar quarter in which the statement of election is filed—

(a) A statement of the branch's activities in such quarter sufficient to show that such branch office was primarily engaged in the trade or business described in paragraph (b)(1) of this section; and

(b) A statement that no transaction described in section 4912(b)(2)(B) occurred during such quarter or, if such transaction did occur, an appropriate statement together with a copy of the return filed with respect to such transaction.

(e) Revocation of election. An election under this section shall be treated as revoked—

(1) On the date of receipt by the Commissioner of notice of an intention to revoke from the electing corporation or on such later date as may be specified in such notice; or

(2) On the date when the electing corporation or a branch office, with respect to which an election has been made under paragraph (b) of this section, ceases to meet the requirements set forth in such paragraph.

(f) New election following revocation of prior election. A corporation may, following the revocation of a previous election with respect to any branch office, make a new election under this section with respect to such branch office—

(1) With the consent of the Commissioner and subject to such conditions and limitations as he may require; and

(2) Upon payment of any tax that would have been imposed upon such electing corporation under section 4911 with respect to any transaction described in section 4912(b)(2)(B) if such previous election had continued in effect until the effective date of the new election made in accordance with this paragraph.

(g) Certificates of American ownership. A corporation making an election with respect to a branch office under this section shall not, at any time after February 10, 1965, execute a certificate of American ownership (within the meaning of § 147.5-1) with respect to stock or a debt obligation of a foreign issuer or obligor held by such branch office on the date such election is made or acquired by such branch office while such election is in effect.

PAR. 4. Section 147.8-1 is revised by amending paragraph (a) to read as follows:

§ 147.8-1 Interest equalization quarterly tax return.

(a) In general—(1) Requirement of return. In accordance with section 6011(d)(1), except as provided in paragraph (b) of this section and subparagraph (2) of this paragraph, every person shall make a return for each calendar quarter during which such person incurs liability for the tax imposed by section 4911, or would so incur liability but for the provisions of section 4918.

(2) First return period. The first period for which a return shall be made with respect to an acquisition of stock of a foreign issuer or of a debt obligation of a foreign obligor having a period remaining to maturity of 3 years or more shall be the period commencing on July 19, 1963, and ending on September 30, 1964. The first period for which a return shall be made with respect to an acquisition (other than by a commercial bank) of a debt obligation of a foreign obligor having a period remaining to maturity of at least 1 year but less than 3 years shall be the period commencing on February 11, 1965, and ending on December 31, 1965.

Because the rules prescribed in this Treasury decision are procedural in character, it is found that it is unnecessary to issue this Treasury decision with notice and public procedure thereon under section 4(a) of the Administrative Procedure Act, approved June 11, 1946, or subject to the effective date limitation of section 4(c) of said Act.

(Sec. 7805, Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805))

SHELDON S. COHEN,
Commissioner of Internal Revenue.

Approved: October 11, 1965.

STANLEY S. SURREY,
Assistant Secretary of the
Treasury.

[F.R. Doc. 65-10918; Filed, Oct. 11, 1965; 11:04 a.m.]

Title 28—JUDICIAL ADMINISTRATION

Chapter I—Department of Justice

[Order No. 348-65]

REDESIGNATION OF LANDS DIVISION AS THE LAND AND NATURAL RESOURCES DIVISION

Under and by virtue of the authority vested in me by section 161 of the Revised Statutes (5 U.S.C. 22) and section 2 of Reorganization Plan No. 2 of 1950, it is hereby ordered as follows:

SECTION 1. The Lands Division is redesignated as the "Land and Natural Resources Division."

SEC. 2. Chapter I of Title 28 of the Code of Federal Regulations is amended by deleting "Lands Division" wherever that title appears therein and by inserting in lieu thereof "Land and Natural Resources Division."

SEC. 3. All references to the Lands Division in all other orders, memoranda, directives, and other official documents shall be deemed to refer to the Land and Natural Resources Division.

SEC. 4. This order shall be effective on the 10th day after the date thereof.

(R.S. 161; 5 U.S.C. 22; sec. 2, Reorg. Plan No. 2 of 1950; 3 CFR, 1949-53 Comp.: 64 Stat. 1261)

Dated: October 8, 1965.

NICHOLAS DEB. KATZENBACH,
Attorney General.

[F.R. Doc. 65-10938; Filed, Oct. 11, 1965; 11:44 a.m.]

Title 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

SUBCHAPTER B—PERSONNEL; MILITARY AND CIVILIAN

PART 45—VIETNAM SERVICE MEDAL

The Assistant Secretary of Defense (Manpower) approved the following on October 1, 1965:

- Sec.
45.1 Purpose.
45.2 Applicability.
45.3 Description and precedence.
45.4 Definition.
45.5 Eligibility requirements.
45.6 Awarding.

AUTHORITY: The provisions of this Part 45 issued under Executive Order 11231, "Establishing the Vietnam Service Medal," July 8, 1965 (30 F.R. 8665).

§ 45.1 Purpose.

This part furnishes Department of Defense policy guidance in implementation of Executive Order 11231, "Establishing the Vietnam Service Medal," July 8, 1965.

§ 45.2 Applicability.

Departments of Army, Navy, Air Force, and the U.S. Coast Guard when operating as a service in the Navy.

§ 45.3 Description and precedence.

(a) *Obverse of Medal.* On a bronze disc 1 1/4 inches in diameter, a dragon behind a grove of bamboo trees above the inscription Republic of Vietnam.

(b) *Reverse of Medal.* On a bronze disc 1 1/4 inches in diameter, a crossbow surmounted by a torch above the arched inscription United States of America.

(c) *Ribbon.* Yellow edged in green with three central red stripes.

(d) *Precedence.* Service medals are worn in the order in which earned.

§ 45.4 Definition.

Vietnam and contiguous waters, as used herein, is defined as an area which includes Vietnam and the water adjacent thereto within the following specified limits: From a point on the East Coast of Vietnam at the juncture of Vietnam with China southeastward to 21° N. latitude, 108° 15' E. longitude; thence southward to 18° N. latitude, 108° 15' E. longitude; thence southeastward to 17° 30' N. latitude, 111° E. longitude; thence southward to 11° N. latitude, 111° E. longitude; thence southwestward to 7° N. latitude, 105° E. longitude; thence westward to 7° N. latitude, 103° E. longitude; thence northward to 9° 30' N. latitude, 103° E. longitude; thence northeastward to 10° 15' N. latitude, 104° 27' E. longitude; thence northward to a point on the West Coast of Vietnam at the juncture of Vietnam with Cambodia.

§ 45.5 Eligibility requirements.

(a) *General.* All members of the Armed Forces of the United States serving in Vietnam and contiguous waters, or air space thereover, after July 3, 1965, and before terminal date when announced.

(b) *Specific—(1) Shore Duty.* Attached to or regularly serving for one (1) or more days with an organization participating in or directly supporting military operations.

(2) *Sea duty.* Attached to or regularly serving for one (1) or more days aboard a naval vessel directly supporting military operations.

(3) *Air duty.* Actual participation as a crew member in one (1) or more aerial flights into air space above Vietnam and contiguous waters directly supporting military operations.

(4) *Temporary duty.* Service for thirty (30) consecutive days or sixty (60) non-consecutive days in Vietnam or contiguous areas, except that time limit may be waived for personnel participating in actual combat operations.

§ 45.6 Awarding.

(a) No person shall be entitled to more than one (1) award of the Vietnam Service Medal.

(b) The Vietnam Service Medal may be awarded posthumously.

(c) Members qualified for the Armed Forces Expeditionary Medal (DoD Instruction 1348.11, "Armed Forces Expeditionary Medal," July 14, 1965) by reason of service in Vietnam between July 1, 1958, and July 3, 1965 (inclusive), shall remain qualified for that medal.

Upon application, any such member may be awarded the Vietnam Service Medal in lieu of the Armed Forces Expeditionary Medal. No person shall be entitled to both awards for Vietnam service.

(d) Each military department shall prescribe appropriate regulations for administrative processing, awarding and wearing of the Vietnam Service Medal, ribbon and appurtenances.

MAURICE W. ROCHE,
Director, Correspondence and
Directives Division, OASD
(Administration).

[F.R. Doc. 65-10802; Filed, Oct. 11, 1965; 8:45 a.m.]

Title 22—FOREIGN RELATIONS

Chapter II—Agency for International Development, Department of State

[AID Regulation 1]

PART 201—RULES AND PROCEDURES APPLICABLE TO COMMODITY TRANSACTIONS FINANCED BY AID

Part 201 of Chapter II, Title 22 (AID Regulation 1), is amended by revising the second sentence of § 201.52(a) (4) to read as follows: "In the case of any sale on a c.i.f. or c. & f. basis the bill of lading shall indicate the carrier's statement of charges whether or not freight is financed by AID."

WILLIAM S. GAUD,
Acting Administrator.

SEPTEMBER 30, 1965.

[F.R. Doc. 65-10815; Filed, Oct. 11, 1965; 8:46 a.m.]

Title 41—PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

Chapter 9—Atomic Energy Commission

PART 9-7—CONTRACT CLAUSES

Subpart 9-7.50—Use of Standard Clauses

MISCELLANEOUS AMENDMENTS

Sec.
9-7.000 Scope of part.
9-7.000-50 Policy, cost-type contractor procurement.

Subpart 9-7.50—Use of Standard Clauses

9-7.5000 Scope of subpart.
9-7.5001 General policy.
9-7.5002 [Reserved]
9-7.5003 Deviations.
9-7.5004 Standard AEC clauses which are mandatory as to text.
9-7.5004-1 Convict labor.
9-7.5004-2 Covenant against contingent fees.
9-7.5004-3 Disputes.
9-7.5004-4 Nondiscrimination in employment.
9-7.5004-5 Officials not to benefit.
9-7.5004-6 Assignment of claims.
9-7.5004-7 [Reserved]
9-7.5004-8 [Reserved]
9-7.5004-9 [Reserved]

Sec.	
9-7.5004-10	Examination of records.
9-7.5004-11	Security.
9-7.5004-12	[Reserved]
9-7.5004-13	Contract Work Hours Standards Act—Overtime Compensation.
9-7.5004-14	Walsh-Healey Public Contracts Act.
9-7.5004-15	Labor (construction contracts).
9-7.5004-16	Buy American Act.
9-7.5004-17	Buy American Act (construction).
9-7.5004-18	[Reserved]
9-7.5004-19	[Reserved]
9-7.5004-20	Renegotiation.
9-7.5004-21	Classification.
9-7.5004-22	Disclosure of information.
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9-7.5004-24	Nuclear hazards indemnity.
9-7.5004-25	Nuclear hazards indemnity—product liability.
9-7.5004-26	Indemnity assurance to architect-engineer or supplier prior to operation of a production or utilization facility.
9-7.5005	Standard FPR clauses not included in § 9-7.5004.
9-7.5005-1	Additional bond security.
9-7.5005-2	Changes (fixed-price supply contracts).
9-7.5005-3	Default (fixed-price supply contracts).
9-7.5005-4	Definitions.
9-7.5005-5	Extras.
9-7.5005-6	Inspection (fixed-price supply).
9-7.5005-7	Payments.
9-7.5005-8	Variation in quantity.
9-7.5005-9	Utilization of small business concerns.
9-7.5005-10	Liquidated damages.
9-7.5005-11	Federal, State and local taxes.
9-7.5005-12	Price adjustment for suspension, delay, or interruption of work (construction contracts).
9-7.5005-13	Responsibility for supplies.
9-7.5005-14	Utilization of concerns in labor surplus areas.
9-7.5005-15	Small Business Subcontracting Program.
9-7.5005-16	Labor surplus area subcontracting program.
9-7.5005-17	Changes to make-or-buy program.
9-7.5005-18	Price reduction for defective cost or pricing data.
9-7.5005-19	Audit and records—fixed-price supply and fixed-price construction contracts.
9-7.5005-20	Subcontractor cost and pricing data.
9-7.5006	Standard AEC clauses not included in § 9-7.5004 or § 9-7.5005.
9-7.5006-1	Accounts, records, and inspection (CPFF).
9-7.5006-2	Alterations and additions.
9-7.5006-3	[Reserved]
9-7.5006-4	Changes (CPFF).
9-7.5006-5	[Reserved]
9-7.5006-6	Contractor's organization.
9-7.5006-7	Copyright (General).
9-7.5006-8	Copyright (Motion Pictures).
9-7.5006-9	Allowable costs and fixed fee (CPFF operating and construction contracts).
9-7.5006-10	Allowable costs and fixed fee (supply contracts and research and development contracts with concerns other than educational institutions).
9-7.5006-11	Allowable costs (research and development contracts with educational institutions).
9-7.5006-12	Allowable costs and fixed fee (Architect-Engineer Contracts).

Sec.	
9-7.5006-13	Drawings, designs, specifications.
9-7.5006-14	Estimates of cost, obligation of funds, fixed fee.
9-7.5006-15	[Reserved]
9-7.5006-16	[Reserved]
9-7.5006-17	Patents contractor held harmless.
9-7.5006-18	Patent indemnity.
9-7.5006-19	Patent provisions, Type A.
9-7.5006-20	Patent provisions, Type B.
9-7.5006-21	Patent provisions, Type C.
9-7.5006-22	Patents-reporting of royalties.
9-7.5006-23	Payments and advances (cost-type contracts where funds are advanced by AEO).
9-7.5006-24	Special bank account agreement.
9-7.5006-25	Payments (cost-type contracts where funds are not advanced).
9-7.5006-26	Property (CPFF).
9-7.5006-27	Property (fixed price).
9-7.5006-28	[Reserved]
9-7.5006-29	Subcontracts and purchase orders.
9-7.5006-30	Taxes (CPFF).
9-7.5006-31	Taxes (fixed-price contracts).
9-7.5006-32	Workmanship and materials.
9-7.5006-33	Purchases from contractor-controlled sources.
9-7.5006-34	[Reserved]
9-7.5006-35	Termination. [Reserved]
9-7.5006-36	Nuclear Reactor Safety.
9-7.5006-37	[Reserved]
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9-7.5006-44	[Reserved]
9-7.5006-45	Consultant or other comparable employment services of contractor employees.
9-7.5006-46	Assignment.
9-7.5006-47	Safety, health, and fire protection.
9-7.5006-48	Permits.
9-7.5006-49	Notice of labor disputes.
9-7.5006-50	Litigation and claims.
9-7.5006-51	Required bonds and insurance—exclusive of Government property.
9-7.5006-52	Priorities, allocations, and allotments.
9-7.5007	Suggested AEC clauses.
9-7.5007-1	Approval of contract.
9-7.5007-2	Key personnel.
9-7.5007-3	Other contracts.
9-7.5007-4	Statement of work.
9-7.5007-5	Price redetermination.
9-7.5007-6	Established price article for standard off-the-shelf items (Escalation).
9-7.5007-7	Established price article for semistandard items (Escalation).
9-7.5007-8	General price escalation article involving cost breakdowns.
9-7.5007-9	General price escalation article (no cost breakdowns).
9-7.5007-10	Escalation article for nonstandard steel items.
9-7.5007-11	Price escalation article for standard steel items.
9-7.5007-12	Price escalation article for standard steel items (Nonproducer).
9-7.5007-13	Price escalation article for standard aluminum items.

AUTHORITY: The provisions of the Part 9-7 issued under sec. 161 of the Atomic Energy Act of 1954, as amended, 68 Stat. 948, 42 U.S.C. 2201; sec. 205 of the Federal Property and Administrative Services Act of 1949, as amended, 63 Stat. 390, 40 U.S.C. 486.

The following section is added:

§ 9-7.000-50 Policy, cost-type contractor procurement.

All of FPR 1-7 and this AECPR 9-7 constitute specific provisions which the contracting officer shall bring to the attention of Class A and Class B cost-type contractors as constituting areas which require appropriate treatment in the development of statements of contractor procurement practices in order to carry out the basic AEC procurement policy set forth in AECPR § 9-1.5203.

§ 9-7.5002 [Deleted]

Section 9-7.5002 *Applicability*, is deleted and reserved.

In § 9-7.5003 *Deviations*, the following new paragraph (d) is added:

§ 9-7.5003 Deviations.

(d) *Suggested AEC clauses.* These clauses, set forth in § 9-7.5007, constitute suggested provisions for use in AEC contracts. They may be modified in the light of specific contracting situations. No deviation procedure is required except as may be prescribed by individual field offices.

In § 9-7.5004-13 *Eight-Hour Law of 1912, overtime compensation*, the title is changed to read as follows:

§ 9-7.5004-13 Contract Work Hours Standards Act—Overtime Compensation.

The following sections are deleted and reserved:

- § 9-7.5006-3 *Approval of contract.*
- § 9-7.5006-15 *Key personnel.*
- § 9-7.5006-16 *Other contracts.*
- § 9-7.5006-28 *Statement of work.*
- § 9-7.5006-34 *Price redetermination.*
- § 9-7.5006-37 *Established price article for standard off-the-shelf items (Escalation).*
- § 9-7.5006-38 *Established price article for semistandard items (Escalation).*
- § 9-7.5006-39 *General price escalation article involving cost breakdowns.*
- § 9-7.5006-40 *General price escalation article (no cost breakdowns).*
- § 9-7.5006-41 *Escalation article for non-standard steel items.*
- § 9-7.5006-42 *Price escalation article for standard steel items.*
- § 9-7.5006-43 *Price escalation article for standard steel items (Nonproducer).*
- § 9-7.5006-44 *Price escalation article for standard aluminum items.*

Section 9-7.5006-29 *Subcontracts and purchase orders*, paragraph (a) is revised to read as follows:

§ 9-7.5006-29 Subcontracts and purchase orders.

(a) When subcontracts are authorized—Requirements applicable to subcontracts and purchase orders. The contractor shall, when ordered by the Contracting Officer, and may, but only when authorized by the Contracting Officer, enter into subcontracts in writing for the performance of the work described in the clause entitled "Statement of Work" of any part of the work under this contract. Purchase orders shall not be entered into by the contractor for items whose purchase is expressly prohibited by the written directions of the Contracting Officer. All subcontracts for the performance of the work described in

the clause entitled "Statement of Work" shall be submitted to the Contracting Officer for approval. The Government reserves the right at any time to require that the contractor submit any or all other contractual arrangements, including but not limited to purchase orders or classes of purchase orders, for approval and provide information concerning methods, practices and procedures used or proposed to be used in subcontracting and purchasing. The contractor shall use methods, practices, or procedures in subcontracting and purchasing which are acceptable to the Commission. Subcontracts and purchase orders (Note A) shall be made in the name of the contractor, shall not bind nor purport to bind the Government, shall not relieve the contractor of any obligation under this contract (including, among other things, the obligation properly to supervise and coordinate the work of subcontractors) and shall be in such form and contain such provisions as are required by this contract or as the Contracting Officer may prescribe.

Section 9-7.5006-30 Taxes (CPFF), and § 9-7.5006-31 Taxes (fixed-price contracts), are amended to read as follows:

§ 9-7.5006-30 Taxes (CPFF).

See § 9-11.452.

§ 9-7.5006-31 Taxes (fixed-price contracts).

See § 1-11.401.

The following sections are added:

§ 9-7.5007 Suggested AEC clauses.

This section sets forth suggested clauses for use in AEC contracts. The clauses may be modified in the light of specific contracting situations.

§ 9-7.5007-1 Approval of contract.

This contract is subject to the written approval of the Commission's Director, Division of _____ and shall not be binding unless so approved.

§ 9-7.5007-2 Key personnel.

It having been determined that the employees whose names appear [below] [in Appendix ____], or persons approved by the Contracting Officer as persons of substantially equal abilities and qualifications, are necessary for the successful performance of this contract, the contractor agrees to assign such employees or persons to the performance of the work under this contract and shall not reassign or remove any of them without the consent of the Contracting Officer. Whenever, for any reason, one or more of the aforementioned employees is unavailable for assignment for work under the contract, the contractor shall, with the approval of the Contracting Officer, replace such employee with an employee of substantially equal abilities and qualifications.

§ 9-7.5007-3 Other contracts.

The Government may undertake or award other contracts for additional work, and the contractor shall fully cooperate with such other contractors and Government employees and carefully fit his own work to such additional work as may be directed by the Contracting Officer. The contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by Government employees.

§ 9-7.5007-4 Statement of work.

(a) Scope. The contractor shall furnish the materials, equipment, and services (except such as are furnished by the Govern-

ment) necessary for the performance of the following work in accordance with drawings, specifications, and instructions furnished from time to time by the Government:

(b) It is mutually understood that the following work will not be subcontracted:

(This paragraph (b) shall be used only when appropriate; see clause set forth in § 9-7.5006-29.)

§ 9-7.5007-5 Price redetermination.

The price or prices stated in this contract shall be subject to redetermination in accordance with the provisions of this article. In no event shall the total contract price, as revised hereunder, exceed \$_____.

(a) Time for redetermination.

(1) Upon delivery of _____ percent of the total number of articles specified to be furnished under this contract, or at such earlier time as the Contracting Officer may direct in the event of any termination by the Government of work under this contract, the Contractor shall submit to the Contracting Officer the data specified in paragraph (c) of this article. On the basis of such information, and of any other relevant information which may be available to the Contracting Officer, the price or prices set forth in this contract shall be redetermined by agreement of the Contracting Officer and the Contractor. Any redetermined price or prices established under this subparagraph shall be effective as of the date of this contract and shall apply to all articles covered by the contract, whether already delivered or yet to be delivered.

(2) Prior to expiration or termination of this contract, but not sooner than ninety (90) days after the effective date of any price redetermination under subparagraph (1), either party to the contract may at its option by written notice addressed to the other require that the parties negotiate a further redetermination of such redetermined price or prices to become effective as of the date of the notice or some later date specified therein, and thereafter from time to time by similar notices may require that the parties again negotiate further price redeterminations to become effective as of dates not earlier than ninety (90) days after the effective date of the redetermined price or prices then in effect. The data specified in paragraph (c) shall accompany any notice by the Contractor under this subparagraph, and shall be submitted by the Contractor to the Contracting Officer within thirty (30) days after receipt of any notice hereunder from the Government. Any redetermined price or prices established under this subparagraph shall apply only to articles yet to be delivered.

(b) Principles Governing Negotiation, Additional General Limitations and Procedures Relating to Redetermined Prices. Any redetermined price or prices under this article shall be fair and reasonable under all the circumstances to the Contractor and to the Government. In the negotiation of such fair and reasonable redetermined price or prices, the Contracting Officer may take into account, as a factor in determining a reasonable profit allowance, any unwarranted delay on the part of the Contractor in submitting the data specified in paragraph (c) at a time required by this article. Any redetermined price or prices under this article shall not exceed any applicable ceiling price or prices established pursuant to applicable law and regulations. Any redetermined price or prices and the manner of making necessary adjustments with respect to payments previously made by the Government shall be set forth in an amendment or amendments which shall be signed by the Contracting Officer and the Contractor. Where negotiation is required under this article, failure

to agree upon any redetermined price or prices shall be deemed a dispute concerning a question of fact within the meaning of the article of this contract entitled "Disputes." Any redetermination of prices under this article shall be without prejudice to the rights of the Government under any statute or order now in effect, or under any other article of this contract. In connection with any price redetermination hereunder, the Government may make such examination of the Contractor's accounts, records and books as the Contracting Officer may require and may make such audit thereof as the Contracting Officer may deem necessary.

(c) Data to be Submitted by the Contractor. The data to be submitted by the Contractor under this article, itemized in such detail as the Contracting Officer may prescribe, shall consist of:

(1) A new estimate and breakdown of the unit cost and the proposed prices of the items remaining under this contract after the effective date of the price redetermination;

(2) An explanation of any differences between the last preceding estimate and the current estimate of costs;

(3) Such relevant shop and engineering data, cost records, overhead experience reports, and accounting statements as may be of assistance in determining the accuracy and reliability of the current estimate of costs;

(4) A statement of experienced costs of production hereunder at the time or times of the negotiation of the revision of prices hereunder; and

(5) Any other relevant data usually furnished in the case of negotiation of prices under a new contract.

EXPLANATORY NOTES:

1 Whenever changes are made in the contract pursuant to the changes article, the total contract price shall be adjusted, where necessary, in accordance with such changes.

2 If redetermination downward only is to be provided for, the following sentence should be substituted for this sentence: "The total of such redetermined prices as established pursuant to any redetermination shall in no event exceed the total contract price as set forth in this contract prior to redetermination, less any part thereof applicable to any terminated portion of the work."

3 Where multiple redeterminations, upward or downward, are to be provided for, subparagraphs (1) and (2) should both be included in paragraph (a). Where a single redetermination only, whether upward or downward or downward only, is to be provided for, subparagraph (2) should be entirely omitted.

4 In lieu of "Upon delivery of _____ percent of the articles specified to be furnished," any one of the following substitutes may be used:

"Upon delivery of _____ units of the articles to be furnished."

"Upon performance of [a specified portion of the work]."

"Upon delivery of articles representing _____ percent of the total contract price."

5 In the event wholly retroactive redetermination is to be provided for, the preceding language should be revised to read: "Within _____ days after completion or termination of this contract."

§ 9-7.5007-6 Established price article for standard off-the-shelf items (Escalation).

This article should not be used unless a substantial portion of the contractor's business is with purchasers other than the Government. The articles can be used in open-end or indefinite quantity

contracts, but its use is not limited to such contracts.

ESTABLISHED PRICE ARTICLE FOR STANDARD OFF-THE-SHELF ITEMS (ESCALATION)

(a) The Contractor hereby warrants that the unit prices stated herein at the effective date hereof are not in excess of the Contractor's applicable established prices for like quantities of the supplies covered by this contract. The Contractor shall notify the Contracting Officer of each decrease in any such established prices and each applicable contract unit price shall be decreased accordingly. Any decrease in a unit price shall become effective concurrently with the effective date of each applicable decrease in Contractor's established price and the contract shall be amended accordingly.

(b) The Contractor may at any time, or from time to time, during the performance of the contract request in writing an upward adjustment in any of the contract unit prices to be effective as from a date to be specified by the Contractor, subject to the following conditions:

(1) No unit price shall be increased in accordance with such request by a greater percentage than the applicable established price is increased.

(2) The aggregate of the increases in any unit price made under this paragraph shall not exceed 10 percent of the original applicable contract unit price.

(3) No adjusted unit price shall be effective earlier than the effective date of any increase in the applicable established price.

(c) In the event the requested adjustment in any contract unit price is acceptable to the Contracting Officer, he shall not later than 20 days after the date of receipt by him of the request, so notify the Contractor and the contract shall be modified accordingly. If any such requested adjustment in a unit price is not acceptable to the Contracting Officer, he shall so notify the Contractor in writing within 20 days from the date of receipt by him of the Contractor's said notice; and unless an agreement can be reached as to the amount of increase, the Government may cancel without liability to either party the Contractor's right to proceed with performance of the portion of the contract which is undelivered at the time of such cancellation.

(d) If notice of cancellation is not sent to the Contractor within 30 days after receipt by the Contracting Officer of the Contractor's request, supplies delivered subsequent to the date specified in such request, and prior to the effective date of any subsequent increase or decrease in Contractor's applicable established prices, shall be paid for at the applicable increased unit prices so requested, provided such requested increases satisfy all of the conditions and do not exceed the limitations of paragraph (b).

(e) The Contractor also agrees to give the Government any and all discount benefits extended to any company, agency, organization, or individual purchasing or handling like quantities of the supplies covered by this contract.

§ 9-7.5007-7 Established price article for semistandard items (Escalation).

This article pegs the price of a semistandard item to the "nearest commercial equivalent" for which there is an established price. The article should not be used if the Contractor does not customarily deal in standard items and if the standard items or "nearest commercial equivalents" to which the contract unit prices are pegged are not items for which the Contractor has an active commercial market. As required by the

provisions of paragraph (c) of the article, agreement must be reached as to the "nearest commercial equivalent" for each contract item and its established price at the date of the contract must be set forth in that paragraph. This article should not be used unless a substantial portion of the Contractor's business is with purchasers other than the Government, nor should it be used if the Contractor will accept some other more suitable article (for example, the articles suggested in § 9-7.5007-8 and § 9-7.5007-9).

ESTABLISHED PRICE ARTICLE FOR SEMISTANDARD ITEMS (ESCALATION)

(a) The Contractor warrants that the materials covered by this contract are materials which the Contractor customarily offers for sale commercially, modified in accordance with the specifications of this contract, and that any differences between the prices provided herein at the effective date hereof and its established or published prices for like quantities of the materials which are the nearest commercial equivalents of the materials covered by this contract (hereinafter referred to as "the established prices") are due to differences in costs resulting from compliance with such specifications. If at any time during the performance of this contract any of the established prices are reduced, each applicable price set forth herein (which, as changed at any time or from time to time in accordance with the provisions of the article hereof entitled "Changes," are hereinafter referred to as "the contract prices") shall be reduced by the same percentage that such established price is reduced. Upon such a reduction in any of the established prices, the Contractor shall advise the Contracting Officer of the reduction to be made in any of the contract prices and the effective date of the reduction in the applicable established price. Any such reduced price shall be effective as to deliveries made on and after the effective date of the reduction in the applicable established price and the contract shall be modified accordingly.

(b) If at any time during the performance of the contract any of the established prices are increased, the Contractor may request in writing the same percentage increase in the applicable contract price of the material to be delivered after a date not earlier than the date the request is mailed to the Contracting Officer, provided, that the Contractor may not request under this article a unit price for any item which will exceed by more than 10 percent the original contract unit price. In the event the requested adjustment in any contract unit price is acceptable to the Contracting Officer, he shall not later than twenty (20) days after the receipt of the request so notify the Contractor, and the contract shall be modified accordingly. If the requested upward adjustment in price is not acceptable to the Contracting Officer and he shall so indicate by withholding approval of it for a period of twenty (20) days from the date of delivery to him of the Contractor's written request, and if within a succeeding 10-day period the Contractor shall not elect to continue deliveries at the prices in effect immediately prior to his request, then the contract shall be deemed to have been terminated for the convenience of the Government pursuant to the article hereof entitled "Terminations," only with respect to the item or items for which the Contracting Officer has so withheld approval of the requested upward adjustment.

(c) For the purposes of this section, it is agreed by the Contractor and the Govern-

ment that the nearest commercial equivalent of the material covered by this contract is ----- and that the established price therefor, at the effective date hereof, is \$-----.

§ 9-7.5007-8 General price escalation article involving cost breakdowns.

This article can be used in fixed-price contracts for standard, semistandard, or nonstandard items. The provision in paragraph (b) of the article limiting adjustments to amounts equivalent to at least 3 percent of the then aggregate contract price should not be considered inflexible. In the case of a large contract, the Contractor might insist on the use of a lower percentage figure. In the case of a small contract, it might be in the interest of the Government to use a higher percentage figure. There does not appear to be any objection to the use of a reasonable dollar amount in lieu of a percentage figure.

GENERAL PRICE ESCALATION ARTICLE INVOLVING COST BREAKDOWNS

(a) The Contractor represents and warrants that the prices set forth in this contract do not include any contingency allowance to cover the possibility of increased costs of performance resulting from increases in either (1) the Contractor's rates of pay for labor employed by him; or (2) the prices which the Contractor is required to pay for material. The Contractor further represents and warrants that the net price or prices paid or to be paid by the Government under this contract do not and shall not exceed those paid by any other purchaser or consignee for like quantities of the same or similar supplies. The Contractor also agrees to give the Government any and all discount benefits extended by it to any other purchaser or consignee purchasing or handling like quantities of the same or similar supplies covered by this contract.

(b) In the event that, at any time during the performance of this contract, the Contractor shall pay rates of pay for direct labor employed by him or prices for direct material in excess of or less than those current as of the date of this contract, provided that any such change would result in an increase or decrease of at least three percent (3%) of the then aggregate contract price of the uncompleted units of the contract, then in either such event the unit prices set forth in this contract may be revised upward or downward in accordance with the provisions of paragraph (c) hereof, with respect to the units completed subsequent to the effective date of any such increase or decrease by an amount equivalent to the increase or decrease in cost per uncompleted unit occasioned by the increase or decrease in direct labor wage rates or in prices for direct material or in both.

(c) Not later than twenty (20) days after the effective date of any increase or decrease as referred to in paragraph (b) hereof, the Contractor may notify the Contracting Officer of any such increase, and shall notify the Contracting Officer of any such decrease, and with such notification shall submit a supporting cost breakdown. Such cost breakdown will:

(1) Be prepared in accordance with recognized commercial accounting principles.

(2) Indicate changes in estimated direct labor and direct material costs resulting from any increase or decrease as referred to in paragraph (b) hereof.

(3) Be signed by a responsible official of the Contractor. Upon the basis of such notification and cost breakdown, and such other data as may be available to the Con-

tracting Officer or as shall be furnished to him upon request to the Contractor, a price adjustment to reflect the increase or decrease in costs as referred to in paragraph (b) hereof shall be determined by mutual agreement between the Contractor and the Contracting Officer, and shall be set forth in an amendment to this contract. In the event that the Contractor fails to give notice of any decrease as required herein, a downward adjustment shall be later effected with respect to units completed subsequent to the effective date of any such decrease.

(d) Price adjustments may be agreed upon, at any time and from time to time during the performance of this contract, in accordance with the provisions of this article. In no event, however, shall any price adjustments be made:

(1) For increased or decreased costs resulting from an increase or decrease as related to the original contract estimates, in number of hours of labor, in amounts of material purchased, or in overhead charges; or

(2) Which would increase or decrease the estimated dollar amount of profit per unit originally included in the contract price.

(e) The increase or accumulated increases in unit prices made under this article shall not exceed ten percent (10%) of the original contract unit price.

(f) Pending a determination of any price adjustment under this article, the Contractor shall continue deliveries hereunder. Failure of the parties to agree upon a price adjustment pursuant to the provisions of this article shall be deemed to be a dispute as to a question of fact within the meaning of the article of this contract entitled "Disputes."

§ 9-7.5007-9 General price escalation article (no cost breakdowns).

This article may be used in lieu of the article described in AECPR 9-7.5007-8 in instances where the Contractor is either unable or unwilling to furnish a cost breakdown. In such instances, prices should be otherwise adequately justified and the contract should normally be for less than \$100,000.

GENERAL PRICE ESCALATION ARTICLE (NO COST BREAKDOWNS)

(a) The Contractor represents and warrants that the prices set forth in this contract do not include any contingency allowance to cover the possibility of increased costs of performance resulting from increases in either (1) the Contractor's rates of pay for labor employed by him or (2) the prices which the Contractor is required to pay for material. The Contractor further represents and warrants that the net price or prices paid or to be paid by the Government under this contract do not and shall not exceed those paid by any other purchaser or consignee for like quantities of the same or similar supplies. The Contractor also agrees to give the Government any and all discount benefits extended by it to any other purchaser or consignee purchasing or handling like quantities of the same or similar supplies covered by this contract.

(b) In the event that, at any time during the performance of this contract, the Contractor shall pay rates of pay for direct labor employed by him or prices for direct material in excess of or less than those current as of the date of this contract, provided that any such change would result in an increase or decrease of at least 3 percent of the then aggregate contract price of the uncompleted units of the contract, then in either such event the unit prices set forth in this contract may be revised upward or downward in accordance with the provisions of paragraph (c) hereof, with respect to units com-

pleted subsequent to the effective date of any such increase or decrease by an amount equivalent to the increase or decrease in cost per uncompleted unit occasioned by the increase or decrease in direct labor wage rates or in prices for direct material or in both.

(c) Not later than twenty (20) days after the effective date of any increase or decrease as referred to in paragraph (b) hereof, the Contractor may notify the Contracting Officer of any such increase, and shall notify the Contracting Officer of any such decrease, and with such notification shall submit evidence of costs satisfactory to the Contracting Officer. Such evidence of costs (1) shall be prepared in accordance with recognized commercial accounting principles, and (2) shall be signed by a responsible official of the Contractor. Upon the basis of such notification and evidence of costs, and such other data as may be available to the Contracting Officer or as shall be furnished to him upon request to the Contractor, a price adjustment to reflect the increase or decrease in costs as referred to in paragraph (b) hereof shall be determined by mutual agreement between the Contractor and the Contracting Officer, and shall be set forth in an amendment to this contract. In the event the Contractor fails to give notice of any decrease as required herein, a downward adjustment shall be later effected with respect to units completed subsequent to the effective date of any such decrease.

(d) Price adjustments may be agreed upon, at any time and from time to time during the performance of this contract, in accordance with the provisions of this clause. In no event, however, shall any price adjustment be made for increased or decreased costs resulting from an increase or decrease as related to the original contract estimates, in number of hours of labor, in amounts of material purchased, or in overhead charges; or which would increase or decrease the estimated dollar amount of profit per unit originally included in the contract price. The increase or accumulated increases in unit prices made under this article shall not exceed 10 percent of the original contract unit price.

(e) Pending a determination of any price adjustment under this article, the Contractor shall continue deliveries hereunder. Failure of the parties to agree upon a price adjustment pursuant to the provisions of this article shall be deemed to be a dispute as to a question of fact within the meaning of the article of this contract entitled "Disputes."

§ 9-7.5007-10 Escalation article for nonstandard steel items.

This article is intended for use in those cases where the items being procured are nonstandard steel items made wholly or in major part of steel, and where the Contractor is a steel producer and actually manufactures the basic steel items, referenced in paragraph (d) of article, from which the nonstandard item is fabricated.

ESCALATION ARTICLE FOR NONSTANDARD STEEL ITEMS

(a) The Contractor represents that the prices set forth in this contract do not include any contingency allowance to cover the possibility of increased costs of performance resulting from increases in either (1) the Contractor's rates of pay for labor employed by it, or (2) the prices which the Contractor charges its manufacturing shops for the steel required in the performance of this contract.

(b) Each contract unit price shall be subject to revision, pursuant to the provisions

of this article, to reflect changes in the costs of labor and steel. For the purpose of any such price revision, the proportion of the contract unit price attributable to costs of labor not otherwise included in the price of the steel item identified in paragraph (d) below, shall be _____ percent, and the proportion of the contract unit price attributable to the cost of steel shall be _____ percent.

(c) For the purposes of this clause, the term "Labor Index" shall mean the average straight time hourly earnings of the contractor's employees in the [Note A] shop of the Contractor's _____ plant for any particular month. (The word "month" as used herein means "calendar month.") Unless otherwise specified in this contract, the labor index shall be computed by dividing the total straight time payroll of the Contractor's employees in the particular shop identified above for any given month by the total number of straight time hours worked by such employees in that month. Any revision in a contract unit price to reflect changes in the cost of labor shall be computed solely by reference to the "base labor index" which shall be the average of the labor indices for the 3 months consisting of the month of _____ 19____ [Note A] the month immediately preceding and the month immediately following, and to the "current labor index" which shall be the average of the labor indices for the month in which delivery of supplies is required to be made in accordance with the terms of this contract, and the month preceding.

(d) Any revision in a contract unit price to reflect changes in the cost of steel shall be computed solely by reference to the "base steel index," which shall be the Contractor's established or published price to the public, including all applicable extras of \$_____ [Note B] per _____ unit for _____ [Note B] (description of steel item) on _____ 19____, and the "current steel index" which shall be the Contractor's established or published price to the public of said item, including all applicable extras in effect _____ [Note B] days prior to the first day of the month in which delivery of supplies is required to be made in accordance with the terms of the contract.

(e) Each contract unit price shall be revised for each month in which, by the terms of this contract, delivery of supplies is required to be made, and such revised contract unit price(s) shall apply to the deliveries of those quantities of supplies required to be made in that month regardless of when actual delivery be made of said quantities of supplies. Each revised contract unit price for any month shall be computed by adding together the following three amounts:

(1) The amount (representing the adjusted cost of labor) obtained by multiplying _____ percent of the contract unit price by a fraction, the numerator of which shall be the current labor index and the denominator of which shall be the base labor index.

(2) The amount (representing the adjusted cost of steel) obtained by multiplying _____ percent of the contract unit price by a fraction the numerator of which shall be the current steel index and the denominator of which shall be the base steel index, and

(3) The amount equal to _____ percent of the original contract unit price (representing that portion of such unit price which relates neither to the cost of labor nor to the cost of steel and which is therefore not subject to revision): *Provided, however*, That any revised contract unit price made pursuant to the provisions of this article shall in no event exceed 110 percent of the original contract unit price. All computations shall be made to the nearest one hundredth of one cent.

(f) Pending revisions of the contract unit price(s), if any, to be made pursuant to this

article, the Contractor shall be paid the contract unit price(s) for deliveries made. Within thirty (30) days after the final delivery of supplies, or within such further period of time as may be authorized by the Contracting Officer, the Contractor shall furnish a statement or statements signed by the official supervising accounting with respect to this contract setting forth and certifying the correctness of (1) the average straight time hourly earnings of the Contractor's employees in the shop of the Contractor which are relevant to the computations of the "base labor index" and the "current labor index," and (2) the Contractor's established or published prices to the public including all applicable extras, for like quantities of ----- which are relevant to the computation of the "base steel index" and the "current steel index." Upon request of the Contracting Officer or his duly authorized representative, the Contractor shall make available its records used in the computation of the labor indices. After the receipt of such certificate by the Contracting Officer, the revised contract unit price(s) shall be computed in accordance with the provisions of this article and this contract shall be amended accordingly.

(g) In the event of any total or partial termination of any item of this contract for the convenience of the Government, the month in which notice of such termination is received by the Contractor, if prior to the month in which delivery is required by this contract, shall be considered the month in which delivery of such terminated or partially terminated item is required for the purpose of determining the current labor and materials indices under paragraph (c) and (d) hereof; provided, however, that as to the quantity of such item which is not terminated for convenience, the month in which delivery is required by this contract shall continue to apply for determining said indices. In the case of termination of any item for default on the part of the Contractor, any price revision shall be limited to the quantity of each item which has been delivered by the contractor and accepted by the Government prior to receipt by the contractor of notice of termination for default.

(h) As used in this article, the phrase "the month in which delivery of supplies is required to be made in accordance with the terms of this contract" shall mean any month in which under the terms of this contract a specific quantity of units of the supplies called for by this contract is required to be delivered; provided, however, that in case the failure of the Contractor to make delivery of such quantity shall have arisen out of causes beyond the control and without the fault or negligence of the Contractor, the quantity not delivered shall be required to be delivered as promptly as possible after the cessation of the cause of such failure, and the delivery schedule set forth in this contract shall be amended accordingly. Such causes of failure include, but are not restricted to, acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather, and defaults of subcontractors due to any of such causes unless the Contracting Officer shall determine that the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required delivery schedule.

(i) Failure to agree upon any determination to be made under this article shall be a dispute concerning a question of fact within the meaning of the article of this contract entitled "Disputes."

NOTE A: In the first blank in paragraph (c), there would be inserted the actual shop

in which the basic steel item, identified in paragraph (d), would be finally fabricated or processed into the actual contract item. In the third blank of paragraph (c), there would be inserted the month in which the Contractor submitted its quotation.

NOTE B: In the third blank in paragraph (d), there would be inserted the actual standard steel mill item used by the Contractor in the manufacture of the contract item. The price which is to be inserted in the first blank in paragraph (d) is the actual price of such item, including the base price of the material and all applicable extras in effect on the date of quotation. In the fifth blank in paragraph (d), there would be inserted the number of days which represents the contractor's best estimate of the period of time required for processing said standard steel mill item in the shop identified in paragraph (c).

§ 9-7.5007-11 Price escalation article for standard steel items.

This article for the procurement of standard steel items from manufacturers is applicable to both advertised and negotiated procurement.

PRICE ESCALATION ARTICLE FOR STANDARD STEEL ITEMS

(a) The Contractor hereby warrants that the unit prices stated herein on the date set for opening of bids (or the contract date if this is a negotiated contract rather than one entered into by means of formal advertising) are not in excess of the Contractor's applicable established prices for like quantities of the supplies covered by this contract. The Contractor shall notify the Contracting Officer of each decrease in any of such established prices and each applicable contract unit price shall be decreased accordingly. Any decrease in a unit price shall become effective concurrently with the effective date of each applicable decrease in Contractor's established price and the contract shall be amended accordingly.

(b) The Contractor may at any time, or from time to time, after the date set for opening of bids (or the contract date if this is a negotiated contract rather than one entered into by means of formal advertising) and during the performance of the contract request in writing an upward adjustment in any of the contract unit prices to be effective as from a date to be specified by the Contractor, subject to the following conditions:

(1) No unit price as adjusted shall exceed the Contractor's applicable established price.

(2) The aggregate of the increases in any unit price made under this paragraph shall not exceed 10 percent (10%) of the original applicable contract unit price.

(3) No adjusted unit price shall be effective earlier than the effective date of any increase in the applicable established price and no increase shall be granted unless the Contractor's applicable established price has increased subsequent to the date set for opening of bids (or the contract date if this is a negotiated contract rather than one entered into by means of formal advertising).

(c) In the event the requested adjustment in any contract unit price is acceptable to the Contracting Officer, he shall not later than twenty (20) days after the date of receipt by him of the request so notify the Contractor and the contract shall be modified accordingly. If any such requested adjustment in a unit price is not acceptable to the Contracting Officer, he shall so notify the Contractor in writing within twenty (20) days from the date of receipt by him of the Contractor's said notice; and unless an agreement can be reached as to the amount

of increase, the Government may cancel without liability to either party the contractor's right to proceed with performance of the portion of the contract which is undelivered at the time of such cancellation, except that the Contractor may make delivery of all or any of the supplies which a duly authorized officer of the company shall certify where completed or in the process of manufacture at the time of receipt of notice of such cancellation, and the Government shall pay for all supplies so delivered at the applicable unit price contained in the Contractor's said request and the contract shall be modified accordingly, provided that such certification is made within 10 days after receipt of notice of such cancellation and such requested increase satisfies all of the conditions and does not exceed the limitations of paragraph (b). Supplies shall be deemed to be in the process of manufacture when the steel therefor is in any state of processing after the beginning of the furnace melt.

(d) During the period to such cancellation, the Contractor shall continue deliveries according to the terms of the contract and shall be paid therefor at the applicable increased unit prices to requested, provided such requested increases satisfy all of the conditions and do not exceed the limitations of paragraph (b).

(e) If notice of cancellation is not sent to the Contractor within thirty (30) days after receipt by the Contracting Officer of the Contractor's request, supplies delivered subsequent to the date specified in such request, and prior to the effective date of any subsequent increase or decrease in Contractor's applicable established prices, shall be paid for at the applicable increased unit prices so request, provided such requested increases satisfy all of the conditions and do not exceed the limitations of paragraph (b).

NOTE: By the deletion of the last sentence of paragraph (c) above, this clause is made suitable for use in contracts covering standard aluminum items.

§ 9-7.5007-12 Price escalation article for standard steel items (Nonproducer).

This article is intended for use in contracts with suppliers (who are not the manufacturers) of standard steel items, and ties adjustments in the contract prices to fluctuations in the manufacturer's prices to the contractor for those items.

PRICE ESCALATION ARTICLE FOR STANDARD STEEL ITEMS (NONPRODUCER)

(a) The parties agree that if, subsequent to the date set for opening of bids (or the contract date if this is a negotiated contract rather than one entered into by means of formal advertising), the manufacturer of the supplies covered by this contract reduces his price to the Contractor for such supplies, the unit price to be paid hereunder to the Contractor shall be reduced for those supplies delivered by the Contractor after the effective date of the reduction in the manufacturer's price. In each such instance, the applicable contract unit price shall be reduced by the same amount that the manufacturer's price to the Contractor is reduced. The Contractor will notify the Contracting Officer of such reductions and the contract will be modified accordingly.

(b) The Contractor may at any time, or from time to time, after the date set for opening of bids (or the contract date if this is a negotiated contract rather than one entered into by means of formal advertising), request in writing an upward adjustment in

any of the contract unit prices, subject to the following conditions:

(1) No unit price shall be increased in accordance with such request unless the manufacturer of the supplies to be delivered under this contract increases his price to the Contractor for such supplies and no increase shall be granted unless the manufacturer's applicable price has increased subsequent to the date set for opening of bids (or the contract date if this is a negotiated contract rather than one entered into by means of formal advertising).

(2) No unit price shall be increased in accordance with such request except as to those supplies delivered pursuant to the terms of this contract and for which the Contractor is required to pay to the manufacturer an increased price.

(3) No unit price shall be increased by an amount greater than the amount the manufacturer's price to the Contractor is increased.

(4) The aggregate of the increases in any unit price made under this section shall not exceed 10 percent of the original applicable contract unit price.

(c) In the event the requested adjustment in any contract unit price is acceptable to the Contracting Officer, he shall not later than twenty (20) days after the date of receipt by him of the request so notify the Contractor, and the contract shall be modified accordingly. If any such requested adjustment in a unit price is not acceptable to the Contracting Officer, he shall so notify the Contractor in writing within twenty (20) days from the date of receipt by him of the Contractor's said notice; and unless an agreement can be reached as to amount of increase, the Government may cancel without liability to either party the Contractor's right to proceed with performance of the portion of the contract which is undelivered at the time of such cancellation.

(d) During the period prior to such cancellation, the Contractor shall continue deliveries according to the terms of the contract and shall be paid therefor at the applicable increased unit price so requested, provided such requested increase satisfies all of the conditions and does not exceed the limitations of paragraph (b).

(e) If notice of cancellation is not sent to the Contractor within thirty (30) days after receipt by the Contracting Officer of the Contractor's request, supplies delivered subsequent to the date specified in such request, and prior to the effective date of any subsequent increase or decrease in Contractor's applicable price, shall be paid for at the applicable increased unit price so requested, provided such requested increase satisfies all of the conditions and does not exceed the limitations of paragraph (b).

(f) Upon the written request of the Contracting Officer, the Contractor shall furnish to the Contracting Officer the manufacturer's prices (to the Contractor) for the supplies covered by this contract that were in effect on the date set for the opening of the bids (or the contract date if this is a negotiated contract rather than one entered into by means of formal advertising).

§ 9-7.5007-13 Price escalation article for standard aluminum items.

The article for standard steel items, AECPR 9-7.5007-11, can be made suitable for use in contracts covering standard aluminum items by deleting the last sentence of paragraph (c) of the article.

Effective date. These amendments are effective upon publication in the **FEDERAL REGISTER**.

Dated at Germantown, Md. this 5th day of October 1965.

For the U.S. Atomic Energy Commission.

JOSEPH L. SMITH,
Director,
Division of Contracts.

[F.R. Doc. 65-10795; Filed, Oct. 11, 1965; 8:45 a.m.]

Title 43—PUBLIC LANDS: INTERIOR

Chapter II—Bureau of Land Management, Department of the Interior

APPENDIX—PUBLIC LAND ORDERS

[Public Land Order 3844]

[Nevada 064861]

NEVADA

Withdrawal for Forest Service Administrative Site

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

1. Subject to valid existing rights, the following described parcel of public land is hereby withdrawn from all forms of appropriation under the public land laws, including the mining laws (Ch. 2, Title 30 U.S.C.), but not from leasing under the mineral leasing laws, and reserved for use of the Department of Agriculture as an administrative site in connection with administration of the Toiyabe National Forest:

MT. DIABLO BASE AND MERIDIAN

EAST TONOPAH ADMINISTRATIVE SITE

T. 2 N., R. 42 E.

Sec. 2, a tract within the NE $\frac{1}{4}$ described by metes and bounds as follows:

Commencing at Corner No. 4 of Mining Patent Tonopah No. 4, Survey No. 2080, thence N. 35°50' E. along the east boundary of said mining patent, 312.41 feet to the true point of beginning; thence N. 35°50' E. 406.89 feet to corner No. 3 of said mining patent; thence N. 28°22' E. along the east boundary of said mining patent, 195.5 feet; thence S. 67°52' E., 299.2 feet to a point on the west boundary of Mining Patent California Lode, Survey No. 4729; thence S. 5°32' W. along the west boundary, 422.3 feet to corner No. 4 of said mining patent; thence S. 5°32' W., 82.8 feet; thence N. 78°32' W., 571.0 feet to the point of beginning; containing 5.2 acres more or less.

The withdrawal made by this order does not alter the applicability of the public land laws governing the use of the lands under lease, license, or permit, or governing the disposal of their mineral or vegetative resources other than under the mining laws.

HARRY R. ANDERSON,
Assistant Secretary of the Interior.

OCTOBER 5, 1965.

[F.R. Doc. 65-10809; Filed, Oct. 11, 1965; 8:46 a.m.]

[Public Land Order 3845]

[BLM 080930 (Ark.)]

ARKANSAS

Withdrawal for Civil Works, Greers Ferry Reservoir

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

1. Subject to valid existing rights, the following described public lands are hereby withdrawn from all forms of appropriation under the public land laws, including the mining laws (Ch. 2, Title 30 U.S.C.), but not from leasing under the mineral leasing laws and reserved under jurisdiction of the Corps of Engineers, Department of the Army, for the Greers Ferry Reservoir:

FIFTH PRINCIPAL MERIDIAN

T. 11 N., R. 10 W.,

Sec. 6, fractional SE $\frac{1}{4}$ NW $\frac{1}{4}$.

Containing approximately 16 acres.

2. The withdrawal made by this order does not alter the applicability of the public land laws governing the use of the lands under lease, license, or permit, or governing the disposal of their mineral or vegetative resources other than under the mining laws.

HARRY R. ANDERSON,
Assistant Secretary of the Interior.

OCTOBER 5, 1965.

[F.R. Doc. 65-10810; Filed, Oct. 11, 1965; 8:46 a.m.]

[Public Land Order 3846]

[Fairbanks 013163]

ALASKA

Withdrawal for Weather Bureau; Partial Revocation of Public Land Order No. 1600

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

1. Subject to valid existing rights, the following described lands are hereby withdrawn from all forms of appropriation under the public land laws, including the mining laws (Ch. 2, Title 30 U.S.C.), and reserved for use of the United States Weather Bureau, Department of Commerce, as a weather station.

BARROW

U.S. SURVEY 4615

Block 32, all;
Block 33, lots 1 through 7 (including area shown on plat of survey as reserved for Okpik Street and lying between Blocks 32 and 33).

The tracts described contain about 8 acres.

2. Public Land Order No. 1600 of March 13, 1958, so far as it reserved the following described lands for use of the Weather Bureau as a weather station, is hereby revoked:

RULES AND REGULATIONS

BARROW AREA

Beginning at a point from which Corner No. 3, Tract A, U.S. Survey No. 2244 located near Barrow, Alaska, bears N. 27°51' E., 523.63 feet, thence:

S. 30°00' E., 800 feet;
S. 60° W., 618 feet;
N. 30° W., 445 feet;
N. 60°00' E., 130 feet;
N. 30° W., 355 feet; and
N. 60°00' E., 488 feet to the point of beginning.

The tract described contains 10.26 acres.

3. The lands released from withdrawal by paragraph 2 of this order which are not included in the withdrawal made by paragraph 1, are withdrawn in Naval Petroleum Reserve No. 4.

HARRY R. ANDERSON,
*Assistant Secretary of
the Interior.*

OCTOBER 5, 1965.

[F.R. Doc. 65-10811; Filed, Oct. 11, 1965;
8:46 a.m.]

Title 50—WILDLIFE AND FISHERIES

Chapter I—Bureau of Sport Fisheries and Wildlife, Fish and Wildlife Service, Department of the Interior

PART 32—HUNTING

Bitter Lake National Wildlife Refuge, N. Mex.

The following special regulations are issued and are effective on date of publication in the FEDERAL REGISTER.

§ 32.22 Special regulations; upland game; for individual wildlife refuge areas.

NEW MEXICO

BITTER LAKE NATIONAL WILDLIFE REFUGE

The public hunting of quail on the Bitter Lake National Wildlife Refuge, N. Mex., is permitted from November 27 through December 26, 1965, inclusive, but only on the area designated by signs as open to hunting. This open area, comprising 1,600 acres, is delineated on maps available at refuge headquarters, Roswell, N. Mex., and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Post Office Box 1306, Albuquerque, N. Mex., 87103. Hunting shall be in accordance with all applicable State regulations covering the hunting of quail.

The provisions of this special regulation supplement the regulations which govern hunting on wildlife refuge areas generally which are set forth in Title 50, Code of Federal Regulations, Part 32, and are effective through December 26, 1965.

ROGER D. JOHNSON,
*Refuge Manager, Bitter Lake
National Wildlife Refuge,
Roswell, N. Mex.*

SEPTEMBER 30, 1965.

[F.R. Doc. 65-10807; Filed, Oct. 11, 1965;
8:45 a.m.]

PART 32—HUNTING

Tishomingo National Wildlife Refuge, Okla.

The following special regulation is issued and is effective on date of publication in the FEDERAL REGISTER.

§ 32.32 Special regulations; big game; for individual wildlife refuge areas.

OKLAHOMA

TISHOMINGO NATIONAL WILDLIFE REFUGE

Public hunting of deer on the Tishomingo National Wildlife Refuge, Okla., is permitted only on the area designated by signs as open to hunting. This open area, comprising 3,100 acres, is delineated on maps available at refuge headquarters, Tishomingo, Okla., and from the Office of the Regional Director, Bureau of Sport Fisheries and Wildlife, Post Office Box 1306, Albuquerque, N. Mex., 87103. Hunting shall be in accordance with all applicable State regulations covering the hunting of deer subject to the following special conditions:

(1) Not more than 10 archery hunters per day, and not more than 5 gun hunters per day will be admitted to the hunting area.

(2) The archery deer hunting season on the refuge is from October 30 to November 14, 1965, inclusive, and November 29 to December 12, 1965, inclusive, on Tuesdays, Thursdays, Saturdays, and Sundays. The gun deer hunting season on the refuge is from November 20 to November 28, 1965, inclusive, on Tuesdays, Thursdays, Saturdays, and Sundays.

(3) Zone 3 of the area open to hunting is excluded. The provisions of this special regulation supplement the regulations which govern hunting on wildlife refuge areas generally which are set forth in Title 50, Code of Federal Regulations, Part 32, and are effective through December 12, 1965.

EARLU CRAVEN,
*Refuge Manager, Tishomingo
National Wildlife Refuge,
Tishomingo, Okla.*

SEPTEMBER 27, 1965.

[F.R. Doc. 65-10808; Filed, Oct. 11, 1965;
8:45 a.m.]

Proposed Rule Making

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 46]

[Docket No. FDC-76]

PEANUT BUTTER

Rescheduling of Date of Hearing in Matter of Establishing Definitions and Standards of Identity; Notice of Second Prehearing Conference

In the matter of establishing definitions and standards of identity for peanut butter:

Pursuant to notice published in the *FEDERAL REGISTER* of September 18, 1965 (30 F.R. 11970), a prehearing conference was held in this matter on October 4, 1965.

Procter & Gamble Co., Corn Products Co., Swift & Co., American Maize Products Co., and the Peanut Butter Manufacturers Association, through their counsel, requested a postponement of the date of the hearing, and having stated reasonable grounds therefor, the hearing in this matter, initially scheduled to commence on October 18, 1965, was re-

scheduled to commence on November 1, 1965. In order to have adequate facilities available to accommodate the expected interested persons who may wish to appear at this hearing, it will commence at 10 o'clock, e.s.t., on the morning of November 1, 1965, in the Auditorium, Department of Health, Education, and Welfare Building, 330 Independence Avenue SW., Washington, D.C.

After extended discussion and debate concerning the issues as set forth in the Notice of Hearing (30 F.R. 11970), Issue Nos. 7 and 8, upon motion, were stricken on legal grounds which are detailed in the transcript of the prehearing conference on file in the office of the hearing clerk.

Since the termination of the prehearing conference requests have been received for reconsideration of the following matters:

1. Whether or not it is proper to consider at the forthcoming hearing Issue No. 8, which reads as follows:

Will it promote honesty and fair dealing in the interest of consumers to establish a definition and standard of identity for peanut butter with optional ingredients comprising no more than 5 percent of the weight of the finished food and another standard for "peanut spread" with optional ingredients of

more than 5 percent and not more than 15 percent?

2. Whether or not it is proper to consider at the forthcoming hearing a new issue raised during the prehearing conference, which reads as follows:

Will it promote honesty and fair dealing in the interest of consumers and is it reasonable for the definition and standard of identity for peanut butter to exclude as an optional ingredient any ingredient which is either generally recognized as safe or is an approved food additive?

Reconsideration of the above questions and such other matters as will aid in the expeditious and orderly conduct of the forthcoming hearing will be considered at a second prehearing conference which will commence at 10 o'clock, e.s.t., on the morning of October 20, 1965, in Room 5131, Department of Health, Education, and Welfare Building, 330 Independence Avenue SW., Washington, D.C. All interested persons are invited to attend this second prehearing conference.

Dated: October 8, 1965.

WILLIAM E. BRENNAN,
Hearing Examiner.

[F.R. Doc. 65-10917; Filed, Oct. 11, 1965; 10:05 a.m.]

Notices

FEDERAL POWER COMMISSION

[Docket No. G-16579 etc.]

RIDDELL PETROLEUM CORP. ET AL.

Findings and Order

OCTOBER 1, 1965.

Riddell Petroleum Corp. and other Applicants listed herein, Docket Nos. G-16579, et al.

Findings and order after statutory hearing issuing certificates of public convenience and necessity, cancelling docket number, severing proceeding, amending certificates, permitting and approving abandonment of service, terminating certificates, terminating rate proceeding, and accepting related rate schedules and supplements for filing.

Each of the Applicants listed herein has filed an application pursuant to section 7 of the Natural Gas Act for a certificate of public convenience and necessity authorizing the sale and delivery of natural gas in interstate commerce, for permission and approval to abandon service, or a petition to amend an existing certificate authorization, all as more fully described in the respective applications and petitions (and any supplements or amendments thereto) which are on file with the Commission.

The Applicants herein have filed related FPC Gas Rate Schedules and propose to initiate or abandon, add or delete natural gas service in interstate commerce as indicated by the tabulation herein. All sales certificated herein are either equal to or below the ceiling prices established by the Commission's Statement of General Policy 61-1, as amended, or involve sales for which permanent certificates have been previously issued.

Sohio Petroleum Co. (Operator), et al., Applicant in Docket No. CI66-70 proposes to abandon the sale of natural gas authorized in Docket No. CI61-627. An unconditioned temporary certificate was issued May 25, 1962, authorizing Applicant to commence the subject sale at an initial rate of 17.0 cents per Mcf at 14.65 p.s.i.a. The certificate application was consolidated with Amerada Petroleum Corp., et al., Docket No. CI62-1544, et al., and a certificate was issued in the order accompanying Opinion No. 422 (31 FPC 623) at the "in-line" rate of 16.0 cents per Mcf. Inasmuch as there is a possibility that some portion of the initial 17.0-cent rate will have to be refunded,¹ the abandonment will be permitted and approved in Docket No. CI66-70 but Applicant will remain responsible for any refunds which finally may be ordered in Docket No. CI61-627. Docket

No. CI61-627 will remain consolidated with Docket No. CI62-1544, et al., for determination of the refund question.

After due notice, no petitions to intervene, notices of intervention, or protests to the granting of any of the respective applications or petitions in this order have been received.

At a hearing held on September 29, 1965, the Commission on its own motion received and made a part of the record in these proceedings all evidence, including the applications, amendments and exhibits thereto, submitted in support of the respective authorizations sought herein, and upon consideration of the record, The Commission finds:

(1) Each Applicant herein is a "natural-gas company" within the meaning of the Natural Gas Act as heretofore found by the Commission or will be engaged in the sale of natural gas in interstate commerce for resale for ultimate public consumption, subject to the jurisdiction of the Commission, and will, therefore, be a "natural-gas company" within the meaning of said Act upon the commencement of the service under the respective authorizations granted hereinafter.

(2) The sales of natural gas hereinbefore described, as more fully described in the respective applications, amendments and/or supplements herein, will be made in interstate commerce, subject to the jurisdiction of the Commission, and such sales by the respective Applicants, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefor, are subject to the requirements of subsections (c) and (e) of section 7 of the Natural Gas Act.

(3) The sales of natural gas by the respective Applicants, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefor, are required by the public convenience and necessity and certificates therefor should be issued as hereinafter ordered and conditioned.

(4) The respective Applicants are able and willing properly to do the acts and to perform the services proposed and to conform to the provisions of the Natural Gas Act and the requirements, rules and regulations of the Commission thereunder.

(5) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that Docket No. CI64-274 should be cancelled and that the application filed therein should be processed as a petition to amend the certificate issued in Docket No. CI63-200 by permitting Applicant to include the sale of natural gas from the additional acreage.

(6) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that Docket No. G-

19951 should be severed from the proceeding in Docket No. AR64-2, et al., and should be terminated.

(7) The temporary certificate heretofore issued in Docket No. CI64-160 should be amended by deleting therefrom authorization to sell natural gas from acreage assigned to Applicant in Docket No. CI65-1004.

(8) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act and the public convenience and necessity require that the certificate authorizations heretofore issued by the Commission in Docket Nos. G-16146, G-16579, G-17472, CI62-19, CI63-199, CI63-637, CI63-781, CI63-1467, CI64-1136, CI65-536, and CI65-767 should be amended as hereinafter ordered.

(9) The sales of natural gas proposed to be abandoned by the respective Applicants, as hereinbefore described, all as more fully described in the tabulation herein and in the respective applications, are subject to the requirements of subsection (b) of section 7 of the Natural Gas Act, and such abandonments should be permitted and approved as hereinafter ordered.

(10) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the abandonment hereinafter permitted and approved in Docket No. CI66-70 should not be construed to relieve Applicant therein from the responsibility for any refunds which finally may be ordered in Docket No. CI61-627.

(11) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the certificates of public convenience and necessity heretofore issued to the respective Applicants herein relating to the abandonments hereinafter permitted and approved should be terminated.

(12) The respective related rate schedules and supplements as designated or redesignated in the tabulation herein should be accepted for filing as hereinafter ordered.

The Commission orders:

(A) Certificates of public convenience and necessity are issued upon the terms and conditions of this order, authorizing the sales by the respective Applicants herein of natural gas in interstate commerce for resale, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary for such sales, all as hereinbefore described and as more fully described in the respective applications, amendments, supplements and exhibits in this proceeding.

(B) The certificates granted in paragraph (A) above are not transferable and shall be effective only so long as Applicants continue the acts or operations hereby authorized in accordance with the provisions of the Natural Gas

¹ See P.S.C. of the State of New York v. FPC, 329 F. 2d 242, cert. denied sub nom. Prado Oil & Gas Co. v. FPC and Skelly Oil Co., et al. v. FPC, 377 U.S. 963.

Act and the applicable rules, regulations and orders of the Commission.

(C) The grant of the certificates issued in paragraph (A) above shall not be construed as a waiver of the requirements of section 4 of the Natural Gas Act or of Part 154 or Part 157 of the Commission's regulations thereunder, and is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the respective Applicants. Further, our action in this proceeding shall not foreclose nor prejudice any future proceedings or objections relating to the operation of any price or related provisions in the gas purchase contracts herein involved. Nor shall the grant of the certificates aforesaid for service to the particular customers involved imply approval of all of the terms of the respective contracts, particularly as to the cessation of service upon termination of said contracts, as provided by section 7(b) of the Natural Gas Act. Nor shall the grant of the certificates aforesaid be construed to preclude the imposition of any sanctions pursuant to the provisions of the Natural Gas Act for the unauthorized commencement of any sales of natural gas subject to said certificates.

(D) The grant of the certificates issued herein on all applications filed after April 15, 1965, is upon the condition that no increase in rate which would exceed the ceiling prescribed for the given area by paragraph (d) of the Commission's Statement of General Policy 61-1, as amended, shall be filed prior to the applicable dates, as indicated by footnotes 3 and 9 in the attached tabulation.

(E) The certificate issued herein in Docket No. CI65-1004 is conditioned on the measurement of the Btu content of the gas on the basis prescribed in paragraph (D) of the order accompanying Opinion No. 464 issued June 10, 1965, in *Texaco Inc., et al., Docket No. G-8087, et al.*

(F) The certificate issued herein in Docket No. CI66-90 authorizing a sale of gas by Har-Ken Oil Co. (Operator), et al., to Texas Gas Transmission Corp. determines the rate which legally may be paid by the buyer to the seller but is without prejudice to any action which the Commission may take in any future rate proceeding involving either Texas Gas Exploration Corp. or Texas Gas Transmission Corp.

(G) Applicant in Docket No. CI66-110 is required to submit a billing statement prior to the commencement of service.

(H) Docket No. CI64-274 is cancelled.

(I) The certificates heretofore issued in Docket Nos. G-16579, G-17472, CI63-200, CI63-781, CI64-1136, CI65-536, and CI65-767 are amended by adding thereto or deleting therefrom authorization to sell natural gas to the same purchasers and in the same areas as covered by the original authorizations, pursuant to the

rate schedule supplements as indicated in the tabulation herein.

(J) The temporary certificate heretofore issued in Docket No. CI64-160 is amended by deleting therefrom authorization to sell natural gas from acreage assigned to Applicant in Docket No. CI65-1004.

(K) The certificate heretofore issued to Mapco Production Co. in Docket No. G-16146 is amended by deleting therefrom acreage which was acquired by Shell Oil Co. and released from Mapco's contract with Colorado Interstate Gas Co.

(L) The certificates heretofore issued in Docket Nos. CI62-19, CI63-199, CI63-637, and CI63-1467 are amended by changing the certificate holders to the respective successors in interest as indicated in the tabulation herein.

(M) Permission for and approval of the abandonment of service by the respective Applicants, as hereinbefore described and as more fully described in the respective applications herein are granted.

(N) The abandonment herein permitted and approved in Docket No. CI66-70 does not relieve Applicant therein from the responsibility for any refunds which finally may be ordered in Docket No. CI61-627.

(O) The certificates heretofore issued in Docket Nos. G-4729, G-6582, G-14961, G-16769, and CI61-1195 are terminated.

(P) Docket No. G-19951 is severed from the proceeding in Docket No. AR64-2, et al., and the rate suspension proceeding in Docket No. G-19951 is terminated.

(Q) The respective related rate schedules and supplements as indicated in the tabulation herein are accepted for filing; further, the rate schedules relating to the successions herein are redesignated and accepted, subject to the applicable Commission Regulations under the Natural Gas Act to be effective on the dates as indicated in the tabulation herein.

By the Commission.

[SEAL]

GORDON M. GRANT,
Acting Secretary.

Docket No. and date filed	Applicant	Purchaser, field, and location	FPC rate schedule to be accepted		
			Description and date of document	No.	Supp.
G-16579 C 6-1-60 C 4-19-61 C 6-8-65 ¹	Riddell Petroleum Corp.	Michigan Wisconsin Pipe Line Co., Laverne Field, Harper County, Okla.	Amendatory agreement 5-9-60. ¹	1	5
			Amendatory agreement 3-20-61. ²	1	6
			Amendatory agreement 5-18-65. ³	1	8
			Amendatory agreement 7-1-65. ⁴	1	9
8-9-65 ⁴			Assignment 8-4-64. ⁵	222	5
G-17472 D 5-28-65	Humble Oil & Refining Co.	United Gas Pipe Line Co., Cotton Valley Field, Webster Parish, La.	Woods Exploration Co., FPC GRS No. 1.	8	
CI63-19 E 7-30-65	Woods Petroleum Corp. (successor to Woods Exploration Co.).	Cities Service Gas Co., Southeast Sterling Field, Comanche County, Okla.	Supplement No. 1.	8	1
			Notice of succession (undated).	8	2
CI63-199 E 7-19-65	Ossias Biller (successor to N. R. Dispenza, et al., by Canyon Oil Co., Inc., agent).	Kansas-Nebraska Natural Gas Co., Inc., acreage in Logan County, Colo.	Merger agreement 12-27-63.	2	
			Effective date: 12-31-63.		
			N. R. Dispenza, et al., by Canyon Oil Co., Inc., agent, FPC GRS No. 1.		
			Notice of succession 6-9-65.	2	1
			Assignment 2-20-64. ¹	2	2
			Assignment 2-20-64. ²	2	3
			Assignment 2-20-64. ³	2	4
			Assignment 2-20-64. ⁴	2	5
			Assignment 2-20-64. ⁵	2	6
			Assignment 2-20-64. ⁶	2	7
			Assignment 2-20-64. ⁷	2	8
			Assignment 2-20-64. ⁸	2	9
CI63-637 E 7-15-65	Rex Monahan (Operator), et al. (successor to Elmo E. Lewton (Operator), et al.).	Kansas-Nebraska Natural Gas Co., Inc., Surveyor's Creek Field, Washington County, Colo.	Effective date: 2-1-64.	7	
			Elmo E. Lewton (Operator), et al., FPC GRS No. 1.		
			Notice of succession 7-1-65.	7	1
CI63-781 C 8-6-65 ¹	Pan American Petroleum Corp.	Northern Natural Gas Co., Hornstein Field, Hansford County and Follett Field, Lipscomb County, Tex.	Assignment 6-9-65.	355	5
			Effective date: 5-1-65.	355	6
			Amendment 6-25-65. ¹¹		
			Letter agreement 7-14-65. ¹²		
CI63-1467 E 8-11-65	V-T Drilling Co. (Operator), et al. (successor to Prime Petroleum Co., et al.).	Consolidated Gas Supply Corp., Freemans Creek District, Lewis County, W. Va.	Prime Petroleum Co., et al., FPC GRS No. 1.	1	
			Notice of succession 7-19-65.	1	1
			Assignment 8-6-64. ¹³		
			Effective date: 8-1-64.		

Filing code: A—Initial service.
B—Abandonment.
C—Amendment to add acreage.
D—Amendment to delete acreage.
E—Succession.
F—Partial succession.

See footnotes at end of table.

¹The "et al." party is Texas Gas Exploration Corp.

Docket No. and date filed	Applicant	Purchaser, field, and location	FPC rate schedule to be accepted		Docket No. and date filed	Applicant	Purchaser, field, and location	Description and date of document	No.	Supp.	FPC rate schedule to be accepted	
			No.	Supp.							No.	Supp.
C194-274 (C193-200) A 8-29-65	Frank A. Merfeson (Operator) agent, et al.	United Gas Pipe Line Co., Cabera Creek Area, Garfield County, Tex.	Contract 7-22-65 Assignment 8-23-65 Amendment 8-24-65 (7) (8)	1	1	C195-111 A 8-4-65	Stonestreet Oil & Gas Co., et al.	Contract 6-11-65	2			
C194-1126 C 4-12-65	J. A. Heard, d.b.a. Heard Oil & Gas, Inc.	United Gas Pipe Line Co., Quinto Creek Field, Jim Wells County, Tex.	Contract 7-22-65 Assignment 8-23-65 Amendment 8-24-65 (7) (8)	1	3	C195-113 (C191-1186) B 8-2-65	Joe N. Champlin (Operator), et al.	Notice of cancellation 7-30-65, 7-31-65	2	1		
C195-98 C 6-11-65	Southern Union Production Co.	El Paso Natural Gas Co., Beech Grove Field, San Juan County, N. Mex.	Amendment 7-21-65	370	1	C195-115 (G-1498) B 8-4-65	Crew Drilling & Pro- ducting Co.	Notice of cancellation 8-2-65, 7-31-65	2	3		
C195-297 C 6-4-65	Southern Union Production Co.	El Paso Natural Gas Co., Beech Grove Field, San Juan County, N. Mex.	Supplemental agreement 7-14-65	15	2	C195-116 A 7-23-65	W. J. Fellers (Operator), et al.	Contract 6-13-65	2			
C195-1004 F 4-13-65	Calvert Exploration Co. (Operator), et al. (successor to Mid- America Minerals, Inc.)	El Paso Natural Gas Co., Beech Grove Field, San Juan County, N. Mex.	Contract 6-24-65 Assignment 12-31-64 Letter 6-22-65 Effective date: 12-31-64	8	1	C195-117 A 7-23-65	James A. Mays	Contract 2-26-65 Assignment 11-1-65	1	1		
C195-1019 A 4-14-65	S. E. Brown, trustee	J. A. Heard, d.b.a. Heard Oil & Gas, Quinto Creek Field, Jim Wells County, Tex.	Contract 1-21-65	1		C195-118 A 8-4-65	A. M. van Fleet, agent for Pacific States Oil & Gas Co.	Contract 2-9-65 Letter agreement 7-19-65, 7-20-65	6	1		
C195-1145 A 4-29-65	Pan American Petroleum Corp.	Arkansas Louisiana Gas Co., Wilbourn Field, Leflore and Pittsburg Counties, Okla.	Contract 7-22-65	419		C195-119 A 8-5-65	C. H. Lyons, Sr., et al.	Contract 6-28-65 Assignment 8-24-65	23	1		
C195-1233 A 6-1-65 D 7-15-65	Phillips Petroleum Co.	Panhandle Eastern Pipe Line Co., Carthage Area, Texas County, Okla.	Contract 7-22-65	412		C195-120 (G-16789) B 7-29-65	J & M Well Service, Inc.	Notice of cancellation 5-12-65, 7-2	2			
C195-35 A 7-22-65	La Gloria Oil & Gas Co.	Northern Natural Gas Co., East Clark Area, Harper County, Okla.	Contract 8-11-65 Amendment 8-10-65	20	1	C195-121 (G-4726) B 8-2-65	Walter Van Norman	Notice of cancellation 8-2-65, 1-1	1	2		
C195-47 (G-2618) A 7-27-65	Shell Oil Co.	Basin Gas Gathering System, Inc., a Flank and Midway Field, Bacon County, Colo.	Contract 7-22-65	20		C195-122 A 8-10-65	Sentry Royalty Co.	Contract 8-6-65	2			
C195-75 (C193-207) B 7-28-65	Sohio Petroleum Co. (Operator), et al.	South Texas Natural Gas System, Inc., a Flank and Midway Field, Bacon County, Colo.	Contract 7-22-65	71	3	C195-123 A 8-10-65	Jan. F. Smith, et al.	Contract 3-20-65	17			
C195-78 A 7-30-65	Kerr-McGee Oil In- dustries, Inc.	South Texas Natural Gas System, Inc., a Flank and Midway Field, Bacon County, Colo.	Contract 7-22-65	84		C195-124 A 8-11-65	Tidewater Oil Co. (Op- erator), et al.	Contract 8-4-65	142			
C195-88 (G-4087) B 8-2-65	James D. Conway, et al.	Northern Natural Gas Co., Northeast Ironhorse Field, Beaver County, Okla.	Contract 7-22-65	7								
C195-90 A 8-2-65	Har-Ken Oil Co. (Op- erator), et al.	Clarks Service Gas Co., Kansas-Northeast Natural Gas Co., Inc., Horton Field, Haskell County, Kans.	Contract 7-22-65	7								
C195-97 A 8-2-65	Sun Oil Co. (South- west Division).	Texas Gas Transmission Corp., St. Charles Area, Hopkins County, Ky.	Contract 7-22-65	7								
C195-105 A 8-4-65	Davis Drilling, Inc.	Valley Gas Transmission, Inc., Eschall Field, Brooks County, Tex.	Contract 7-22-65	190								
C195-107 A 8-5-65	Pan American Petro- leum Corp.	Basin Gas Gathering Sys- tem, Inc., Flank Field, Bacon County, Colo.	Contract 7-22-65	420								
C195-109 A 7-28-65	L. W. Burdette	Natural Gas Pipeline Co. of America, Camerick Field, Beaver County, Okla.	Contract 7-22-65	1								
C195-113 A 8-4-65	E. K. Edmonson (Op- erator), et al.	Gas Transport, Inc., Grant District, Jackson County, W. Va.	Contract 7-22-65	4								

1 Adds acreage, sales being made under temporary certificate issued July 20, 1961.

2 Adds acreage, sales being made under temporary certificate issued June 18, 1961.

3 Assigns acreage to John Franks who has advised that no sales are being made from the subject acreage and none are being planned.

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See footnotes at end of table.

* Contract covers 5 leases, 2 of which were formerly dedicated to Colorado Interstate Gas Co. under a contract dated Apr. 8, 1964, designated as Mapco Production Co. FPC GRS No. 8 authorized in Docket No. G-16146. Colorado Interstate released the two leases on Apr. 30, 1965. The certificate issued to Mapco in Docket No. G-16146 will be amended to delete the acreage which was acquired by Applicant and released from Mapco's contract with Colorado Interstate Gas Co.

* Basic Gas Gathering System, Inc., resells to Panhandle Eastern Pipe Line Co.

* Corrects typographical error.

* Source of gas duplicated.

* Conway's certificate in Docket No. G-6882 covered John P. McKnight's interest as well as other coowners. McKnight's interest was covered under a separate contract which McKnight filed as a rate schedule to cover his interest. Conway and other coowners do not have a rate schedule on file.

* Rate schedule covers McKnight's interest.

* This is a June 7, 1964 filing.

* Contract between Winkler Producers, Inc., and United Natural Gas Co.

* Transfer of interest from Winkler Producers, Inc., to James A. Mays.

* Adds acreage.

* Between Lawrence Oil, Inc., and Texas Eastern Transmission Corp.

* Amends contract dated June 28, 1963. Provides for life-of-lease term.

* Amends contract dated June 28, 1963. Provides for life-of-lease term.

* Proposed rate increase to 15.0000 cents per Mcf suspended in Docket No. G-19051 (presently consolidated with Docket No. AR64-2, et al.). This rate was never placed into effect, therefore, Docket No. G-19051 will be severed from the proceedings in Docket No. AR64-2, et al., and terminated in this order.

[F.R. Doc. 65-10752; Filed, Oct. 11, 1965; 8:45 a.m.]

[Docket No. RP66-12]

TEXAS EASTERN TRANSMISSION CORP.

Order Setting Hearing on Refunds

OCTOBER 4, 1965.

The Commission, by orders issued in various rate proceedings including but not limited to those below¹ has directed the natural gas companies whose rates are the subject matter of those orders, to retain the amounts computed to be due to be refunded on sales to Texas Eastern Transmission Corp., pending our further order prescribing the disposition of those retained amounts.

Our records indicate that the amounts refundable to Texas Eastern which are being retained pursuant to the referenced orders, aggregate an approximate amount in excess of \$8,000,000. Except for a minor portion thereof, those amounts relate to gas purchased and sold by Texas Eastern in the calendar years 1962, 1963, and 1964. Further, of that approximate total, about \$7,700,000 is refundable to Texas Eastern from United Gas Pipeline Co. in the latter's Dockets Nos. RP61-18 and RP63-1.

Texas Eastern has asserted that it has no obligation to flow-through any refunds which result from supplier rate proceedings or new gas purchases subsequent to the settlement agreement in its Dockets Nos. G-12706 and G-18341.² Texas Eastern has also made manifest its intention to retain such refunds.³

In the order issued July 16, 1963, in Hunt Oil Co., Docket Nos. G-9065, et al., 30 FPC _____, we recognized the possibility that some natural gas companies might take the position that they were not under any obligation to flow-through

the amounts that might be refundable to them from gas suppliers. We noted further, that in the absence of action by us, those pipelines would be in a position to hold such sums for their own use or distribution to their stockholders, even if they were, in the absence of such refunds, earning a reasonable rate of return on their invested capital during the past periods involved. We indicated that we were disturbed by the possible gap in the refund line and prescribed certain procedures which would aid us in determining whether the natural gas pipeline companies or their jurisdictional customers are entitled to such refunds.

In the order issued July 8, 1964, in Humble Oil & Refining Co., Docket Nos. G-9287 et al., we set out our policy and purpose on this issue in the statement that "in view of our duty to insure that the ultimate consumers of gas actually received all of the benefits of our rate regulation to which they may be entitled, we shall take action here to assure that, within the limits of our jurisdictional reach, the refunds to be ordered actually flow to those parties legally and equitably entitled thereto. We also pointed to the statutory authority and certain court decisions which bear on this issue, and indicated that in such instances where it became necessary (i.e., upon an asserted claim of a jurisdictional pipeline company to retain substantial refund sums) we would institute further proceedings "for determining the relative rights to such funds of such pipeline or its customers."

In view of Texas Eastern's asserted claim, referred to above, it is necessary and appropriate that these proceedings be instituted to determine the rights of Texas Eastern to the refund sums mentioned above.

We have stated, and here reiterate, that we are not by this order prejudging or determining that a jurisdictional pipeline in the chain of resales between the producer and ultimate consumer is never entitled as a matter of law or equity to retain all or part of the refunds received from a supplier. Specifically, we have not made any determination that Texas Eastern is not entitled to receive and retain such monies. We have deter-

mined only that in view of the apparent excess in revenues otherwise enjoyed by Texas Eastern during the years to which these refunds apply, a substantial question arises as to the pipeline's legal and equitable claims to such refunds and that our final decision thereon should be made upon the basis of a full hearing record on all pertinent factual and policy matters.

Commission staff studies of Texas Eastern's actual costs and earnings for calendar years 1962, 1963, and 1964, as reflected in its Form No. 2 annual reports, indicate that without regard to the refund sums in issue herein, the company earned a jurisdictional return of 6.85 percent in 1962, 7.25 percent in 1963, and 7.18 percent in 1964.⁴ If such earned rates of return are measured against the highest overall rates of return ever allowed a major pipeline company by the Commission, i.e., 6 1/2 percent (without conceding that Texas Eastern is, in fact, entitled to a 6 1/2 percent rate of return for the years listed), the studies indicate that Texas Eastern had excess earnings amounting to \$4,954,000 in 1962, \$10,490,010 in 1963, and \$9,216,000 in 1964, from its jurisdictional operations and sales.

We see no point here in repeating the position outlined in our previous orders setting forth our reasons for believing that under the statutory scheme a pipeline customer may not be entitled automatically to refunds for payments made by it to a supplier whenever it has not tracked the increase with a filing of its own. We point out only that section 4 of the Act does not in terms provide to whom any refunds we might decide to order should be paid, and that a failure to track a supplier's increase does not necessarily mean that a pipeline has absorbed any cost increase over that upon which its rates were based since it may well be that such increase has been offset by other purchased gas or other cost decreases, or by increased sales having the effect of reducing the unit costs. Insofar as the settlement agreements are concerned, it is sufficient in the absence of a complete hearing record thereon to note that the mere fact that Texas Eastern may not have bound itself to flow-through any refunds resulting from these particular increases (which had not even been filed for at the time of the agreements) regardless of the effect of such increases on its ability to earn a fair return on their investment, does not in itself grant Texas Eastern any rights to secure and retain such refunds.

The award of the refundable amounts at issue herein to Texas Eastern without a requirement that such refunds be flowed-through to jurisdictional customers would only serve to increase Texas Eastern's excess earnings in each of the aforementioned calendar years. Such unconditional release of the refunds to Texas Eastern might result in a permanent and irremediable gap in our au-

⁴ Appendix A hereto. A prospective rate reduction effective as of June 1, 1965, in Docket No. RP65-59 was approved by Commission order issued July 21, 1965.

¹ Orders issued on: Oct. 8, 1964, in Atlantic Refining Co., Docket Nos. G-9283, et al.; Oct. 6, 1964, in General Crude Oil Co., Docket Nos. G-13941, et al.; Jan. 27, 1964, in Humble Oil & Refining Co., Docket Nos. G-13732, et al.; July 16, 1963, in Hunt Oil Co., Docket Nos. G-9065, et al.; Oct. 5, 1964, in Southwest Gas Producing, Inc., Docket Nos. RI64-262, et al.; Dec. 23, 1964, in United Gas Pipeline Co., Docket Nos. RP61-18, RP63-1; Dec. 23, 1964, in Union Producing Co., Docket Nos. G-13811, et al.

² Approved by Commission order issued January 25, 1961, 25 FPC 172.

³ Letter dated Jan. 13, 1965, filed by Texas Eastern in Docket No. RP65-27.

⁴ Order issued July 8, 1964, in Humble Oil & Refining Co., Docket Nos. G-9287, et al.

thority to require flow-through of refunds to the detriment of the ultimate consumers whom the Natural Gas Act was designed to protect.

In keeping with our purpose heretofore expressed, we should note that upon a proper showing by Texas Eastern that any portion of the refunds being retained by its suppliers is applicable to its non-jurisdictional sales we shall direct the suppliers to release and pay such amounts to Texas Eastern.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that these proceedings be instituted pursuant to the provisions of sections 4, 5, 10, 14, and 16 of the Act to determine whether Texas Eastern is legally and equitably entitled to the refundable amounts now being retained, or which may be retained hereafter pursuant to our order, by any supplier of gas to Texas Eastern, which amounts are attributable to gas purchased by Texas Eastern in calendar years 1962, 1963, and 1964.

The Commission orders:

(A) A hearing shall hereinafter be held to determine the extent to which, if any, Texas Eastern is entitled to receive and retain any of the sums of monies collected from Texas Eastern by its jurisdictional suppliers which the supplier have been directed to refund with interest, but which, pursuant to the orders referred to in footnote 1 hereof, they have been directed to hold pending further order of the Commission.

(B) Texas Eastern shall within 45 days from the date of issuance of this order, file a special report in triplicate setting forth in detail its agreement or disagreement with the statement attached hereto as Appendix A indicating, on the basis of the Form No. 2 reports and refund statements filed with the Commission by Texas Eastern [and its suppliers], that Texas Eastern had earnings in excess of a 6½ percent rate of return on its jurisdictional operations amounting to \$4,954,000 in 1962, \$10,490,000 in 1963, and \$9,216,000 in 1964. In making such report, Texas Eastern shall determine and set forth its earnings in each of the calendar years 1962, 1963, and 1964 upon the basis of its actual operations for such years as reflected in its books of accounts (maintained in accordance with our Uniform System of Accounts) and in properly prepared official reports to this Commission, utilizing a 6½ percent rate of return, and without "normalization" of conditions actually in effect during each such calendar year, annualizing adjustments, elimination of nonrecurring items, or averaging of recurring items varying in amounts from year-to-year, except that all supplier refunds received by Texas Eastern from producers and pipelines, which are attributable to gas purchases made during each of these 3 years and have not been passed on to its jurisdictional customers, shall be regarded as a reduction in the reported cost of purchased gas for the

calendar year involved. Copies of such report shall be made available upon request to any intervenor in this proceeding.

(C) Within 45 days after receipt of Texas Eastern's report referred to in ordering paragraph (B) supra, the staff, Texas Eastern and all intervenors shall file their direct testimony in writing with respect to all matters of fact or policy which they believe material to a determination of the issues herein. Any rebuttal testimony shall be filed within 30 days from the filing of such direct testimony. No testimony as to issues which raise questions of law only should be adduced—such questions being deferred for briefs.

(D) Presiding Examiner Alvin A. Kurtz, or any other officer or officers of

the Commission designated by it for that purpose, shall preside in the hearing of this matter and over any pre-hearing conferences which may be deemed necessary, pursuant to the Commission's rules of practice and procedure and § 2.59 of its Statement of General Policies, and as further provided by this order.

(E) Notices of intervention and petitions to intervene may be filed with the Federal Power Commission, Washington, D.C., 20426, in accordance with the Commission's rules of practice and procedure, §§ 1.8 and 1.37(f) (18 CFR 1.8 and 1.37(f)), on or before October 26, 1965.

By the Commission.

[SEAL]

GORDON M. GRANT,
Acting Secretary.

Appendix A

TEXAS EASTERN TRANSMISSION CORP.

COMPARISON OF COST OF SERVICE WITH REVENUES FOR THE YEARS 1962, 1963, AND 1964¹

Line No.	Particulars	Year		
		1962	1963	1964
1	Operating expenses:			
2	Cost of purchased gas ²	\$134,603,752	\$146,797,401	\$149,643,136
3	Exchange gas	(176,001)	(1,413,019)	(195,850)
4	Purchased gas expense	295,284	301,889	638,282
5	Gas withdrawn from storage (debit)	7,149,762	8,738,267	6,993,413
6	Gas delivered to storage (credit)	(7,324,740)	(8,900,897)	(7,492,402)
7	Gas used in company operations	(3,975,807)	(4,824,948)	(3,696,181)
8	Other gas supply expenses	406,365	373,846	
9	Total gas supply expenses	130,978,015	141,072,029	145,980,281
10	Production and gathering expenses and products extraction	3,870,678	4,247,350	4,120,138
11	Exploration and development expenses	1,566,914	1,967,363	2,054,611
12	Total production expenses	136,415,607	147,286,742	152,155,030
13	Underground storage expenses	1,370,236	1,535,818	2,335,368
14	Transmission expenses	24,233,424	25,553,463	24,685,548
15	Administrative and general expenses	7,966,984	7,972,117	8,004,344
16	Total operating expenses	170,023,241	182,348,770	187,180,430
17	Depreciation, amortization, and depletion expenses	35,590,013	36,619,766	36,787,200
18	Taxes—Other than income	8,166,576	8,700,647	8,777,236
19	State income taxes	605,700	866,912	743,620
20	Revenues credited to cost of service	(2,938,312)	(1,789,380)	(2,563,794)
21	Subtotal	212,327,218	226,746,715	230,984,772
22	Return at 6.5 percent ³	43,859,981	43,812,861	44,191,569
23	Federal income taxes at 52 percent and 50 percent	21,146,415	21,846,198	19,302,397
24	Total cost of service	277,333,614	292,405,774	294,478,738
25	Jurisdictional revenues	282,287,739	302,896,292	303,694,962
26	Revenues in excess of 6.5 percent return	4,954,125	10,490,518	9,216,224
27	Actual percent rate of return earned (percent)	6.85	7.25	7.18

¹ All data based upon Texas Eastern's Form No. 2 reports and refund statements.

² Reflects Form No. 2 cost of purchased gas less refunds received from Texas Gas Transmission Corp. and United Gas Pipe Line Co., applicable to each year.

³ Computed on rate base which excludes accident field.

[F.R. Doc. 65-10777; Filed, Oct. 11, 1965; 8:45 a.m.]

DEPARTMENT OF STATE

Agency for International Development AMERICAN EMERGENCY COMMITTEE FOR TIBETAN REFUGEES, INC.

Registration as Voluntary Foreign Aid Agency

In accordance with the regulations of the Agency for International Development concerning Registration of Agencies for Voluntary Foreign Aid (AID Regulation 3) 22 CFR, Part 203, promulgated pursuant to section 621 of the Foreign Assistance Act of 1961, as

amended, notice is hereby given that a certificate of registration as a voluntary foreign aid agency has been issued by the Advisory Committee on Voluntary Foreign Aid of the Agency for International Development to the following agency:

American Emergency Committee for Tibetan Refugees, Inc., 1790 Broadway, New York, N.Y., 10019.

HERBERT J. WATERS,
Assistant Administrator
for Material Resources.

OCTOBER 4, 1965.

[F.R. Doc. 65-10816; Filed, Oct. 11, 1965; 8:47 a.m.]

[Delegation of Authority No. 23.4]

DELEGATION OF AUTHORITY

Pursuant to the authority delegated to me by Delegation of Authority No. 104, as amended, from the Secretary of State, dated November 3, 1961, Delegation of Authority No. 23 dated December 28, 1962 (28 F.R. 562) as amended, is further amended as follows:

1. Paragraph (3) of section 1. is hereby amended to read as follows:

(3) The function of requesting or authorizing the transfer of surplus agricultural commodities pursuant to sections 201 and 202 of title II of Public Law 480 (with the exception of the function of signing Transfer Authorizations to be issued to the Commodity Credit Corporation) and the function of requesting or authorizing, pursuant to section 203 of title II of Public Law 480, the transfer of funds for the purchase, from the United States Treasury, of foreign currencies accruing under title I of Public Law 480.

2. Section 1. is hereby amended to add the following paragraph (5):

(5) The function of determining the agencies, including intergovernmental organizations, through which and the manner, terms and conditions upon which transfers of funds authorized under section 203 of title II of Public Law 480 for the purchase, from the United States Treasury, of foreign currencies accruing under title I shall be made in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under title II or III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance and of determining that such funds are supplemental to and not in substitution for funds normally available for such purposes from other non-United States sources.

3. Paragraph (3) of section 2. is hereby amended to read as follows:

(3) The function, pursuant to title II of Public Law 480, of signing Transfer Authorizations to be issued to the Commodity Credit Corporation and the function, pursuant to section 203 of title II of Public Law 480, of signing Transfer Authorizations or other appropriate documents to effect the obligation and expenditure of funds authorized under section 203 of title II for the purchase, from the United States Treasury, of foreign currencies accruing under title I and to effect the obligation and expenditure of the foreign currencies so purchased.

4. Paragraph (5) of section 2. is hereby amended to read as follows:

(5) The function, with respect to programs conducted worldwide or in coun-

tries in two or more geographic regions, of requesting or authorizing the transfer of surplus agricultural commodities pursuant to sections 201 and 202 of title II of Public Law 480 and of requesting or authorizing, pursuant to section 203 of title II of Public Law 480, the transfer of funds for the purchase of foreign currencies accruing under title I of Public Law 480 from the United States Treasury.

5. Paragraph (6) of section 2. is hereby amended to read as follows:

(6) The function, with respect to programs conducted worldwide or in countries in two or more geographic regions, pursuant to section 203 of title II, of determining the agencies, including intergovernmental organizations, through which and the manner, terms and conditions upon which transfers under sections 201 and 202 shall be made and the function, with respect to programs conducted in two or more geographic regions, of determining the agencies, including intergovernmental organization, through which and the manner, terms and conditions upon which transfers of funds authorized under section 203 of title II of Public Law 480 for the purchase, from the United States Treasury, of foreign currencies accruing under title I shall be made in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under title II or III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance and of determining that such funds are supplemental to and not in substitution for funds normally available for such purposes from other non-United States sources.

6. Strike paragraph 2 of Section 3 and substitute the following:

(2) Any officer of AID to whom functions are delegated under this Delegation of Authority may, to the extent consistent with law, redelegate or reassign any of the functions delegated or assigned to him by this Delegation of Authority to his principal deputy and to one other subordinate and to the Director or Deputy Director of any U.S. AID Mission abroad or to the principal United States diplomatic officer in any foreign country. In addition, the Assistant Administrator for each of the Regional Bureaus may authorize successive redellegation of the authority to implement such loan.

7. This Amendment to Delegation of Authority No. 23, as amended, shall be effective immediately.

WILLIAM S. GAUD,
Acting Administrator.

SEPTEMBER 30, 1965.

[F.R. Doc. 65-10817; Filed, Oct. 11, 1965;
8:47 a.m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management
NEW MEXICO

Notice of Proposed Withdrawal and
Reservation of Lands

OCTOBER 4, 1965.

The Forest Service, U.S. Department of Agriculture, has filed application, Serial No. New Mexico 0558084 for the withdrawal of lands described below. The lands were conveyed to the United States pursuant to section 8 of the Taylor Grazing Act. The land will become a part of the Magdalena Ranger District of the Cibola National Forest. They have not been open to entry under the public land laws. The applicant desires the lands for the addition to, and the consolidation with National Forest Lands to permit more efficient administration thereof in the conservation of national resources.

For a period of 30 days from the date of publication of this notice, all persons who wish to submit comments, suggestions, or objections in connection with the proposed withdrawal may present their views in writing to the undersigned officer of the Bureau of Land Management, Department of the Interior, Chief, Division of Lands and Minerals Program Management and Land Office, Post Office Box 1449, Santa Fe, N. Mex., 87501.

The authorized officer of the Bureau of Land Management will undertake such investigations as are necessary to determine the existing and potential demand for the lands and their resources. He will also undertake negotiations with the applicant agency with the view of adjusting the application to reduce the area to the minimum essential to meet the applicant's needs, to provide for the maximum concurrent utilization of the lands for purposes other than the applicant's, to eliminate lands needed for purposes more essential than the applicant's, and to reach agreement on the concurrent management of the lands and their resources.

He will also prepare a report for consideration by the Secretary of the Interior who will determine whether or not the lands will be withdrawn as requested by the Forest Service.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER. A separate notice will be sent to each interested party of record.

If circumstances warrant it, a public hearing will be held at a convenient time and place, which will be announced.

The lands involved in the application are:

NEW MEXICO PRINCIPAL MERIDIAN, N. Mex.

T. 1 N., R. 9 W.,

Sec. 5, lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$.

T. 2 N., R. 9 W.,

Sec. 7, lots 1, 2, 3, 4, E $\frac{1}{2}$, and E $\frac{1}{2}$ W $\frac{1}{2}$;

Sec. 8, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$;

Secs. 9, 11, 15, and 17;

Sec. 19, lots 1, 2, 3, 4, E $\frac{1}{2}$, and E $\frac{1}{2}$ W $\frac{1}{2}$;

Sec. 20, SW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, and

NW $\frac{1}{4}$ SE $\frac{1}{4}$;

Secs. 21, 23, 27, and 29;

Sec. 31, lots 1, 2, 3, 4, E $\frac{1}{2}$, and E $\frac{1}{2}$ W $\frac{1}{2}$;

Sec. 33.

T. 2 N., R. 10 W.,

Sec. 11;

Sec. 12, NW 1/4 NE 1/4, N 1/2 NW 1/4, and

SW 1/4 NW 1/4;

Secs. 13, 15, and 21;

Sec. 22, SE 1/4 SE 1/4;

Secs. 23 and 25.

The areas described above aggregate 12,672.96 acres.

MICHAEL T. SOLAN,
Chief, Division of Lands and
Minerals, Program Manage-
ment and Land Office.

[F.R. Doc. 65-10812; Filed, Oct. 11, 1965;
8:46 a.m.]

Office of the Solicitor

[Reg. 5]

TORT CLAIMS ET AL.

Delegation of Authority

OCTOBER 5, 1965.

SECTION 1 Tort claims. (a) Each Regional Solicitor and Field Solicitor is authorized to determine claims pursuant to the provisions of 28 U.S.C., secs. 2401, 2671-2680 (the Federal Tort Claims Act).

(b) The Regional Solicitor or Field Solicitor who determines the claim shall send to the claimant or his attorney, if the claimant is represented by counsel, a copy of the determination of the claim, and, at the same time, shall notify the claimant of his right to appeal to the Solicitor. A claimant may appeal to the Solicitor by filing with the Regional or Field Solicitor who determined the claim, within 30 days after receipt by the claimant of the determination, a written notice of appeal. The notice of appeal shall set forth the basis for the appeal.

Sec. 2 Irrigation claims—delegation of authority. (a) Each Regional Solicitor is authorized:

(1) To determine, under the annual Public Works Appropriation Act, claims not exceeding \$15,000 for damage to or loss of property, personal injury, or death arising out of activities of the Bureau of Reclamation; and

(2) To determine, under 25 U.S.C., sec. 388, claims not exceeding \$15,000 for damages arising out of the survey, construction, operation, or maintenance of irrigation works on Indian irrigation projects.

(b) Each Regional Solicitor shall send to the claimant or his attorney, if the claimant is represented by counsel, and to the Regional or Area Director of the bureau concerned, a copy of the administrative determination of the claim, and, at the same time, shall notify them of their right to appeal to the Solicitor by filing with the Regional Solicitor, within 30 days after receipt of the determination, a written notice of appeal, which shall set forth the basis for the appeal.

Sec. 3 Irrigation claims—administrative policy. Neither the act of February 20, 1929 (25 U.S.C., sec. 388), nor the provision recurring in the annual Public Works Appropriation Acts respecting the activities of the Bureau of Reclamation

vests in any person a statutory right to compensation.

With relation to the statutory provision regarding reclamation, the Solicitor has stated in pertinent part as follows:

... the payment of claims under this statutory provision is discretionary with, and not mandatory upon, the Secretary of the Interior. No claimant has a legal right to demand compensation for property damage arising out of nontortious activities of the Bureau of Reclamation. Congress has merely granted a permissive power to pay such claims if it seems desirable to do so as a matter of policy. Consequently, an important consideration in this case is the view of the administrative officials of the Bureau of Reclamation as to whether, when the various policy considerations are weighed, they believe that the United States should or should not assume the risk of property damage arising out of nontortious activities of the Bureau of Reclamation under circumstances similar to those outlined in your memorandum. Sol's. Op. M-36064, 60 I.D. 451, 454 (1950).

Though the decision of whether a particular claim should be paid is largely discretionary, the following considerations of administrative policy limit this discretion:

(a) Only claims for damages or losses arising out of incidents which are uniquely related to the survey, construction, operation, or maintenance of irrigation or reclamation works, should be considered under these acts. See Marilyn Truscott, 61 I.D. 88, 92 (1953). An operation of a motor vehicle, for example, does not come within this category, and a claim arising out of a collision involving a Bureau of Reclamation truck, for example, should be considered under the Federal Tort Claims Act alone, even though the truck was being used in connection with the construction of a reclamation project.

(b) None of the statutes provide for payment in instances in which the damage or loss has been caused by the negligence or misconduct of Government personnel. Accordingly, even though a claim may have arisen out of the survey, construction, operation, or maintenance of an irrigation project, the claim should be determined under the Federal Tort Claims Act if it appears that negligence or misconduct on the part of a Government employee is present. John C. & Estelle Pond, T-521 (Ir.) (December 4, 1953).

(c) Favorable consideration of a claim is authorized only upon the basis of a factual finding that the damage or loss complained of was a direct result of some nontortious action on the part of personnel of the Bureau of Reclamation, Northern Pacific Railway Co. et al., T-560 (Ir.) (May 10, 1954), or of the Bureau of Indian Affairs.

(d) There is no clear mandate from the Congress in the statutes that this Department should become an insurer and should pay compensation for every type of damage that may result from incidents connected in some manner with the survey, construction, operation, or maintenance of an irrigation project.

Accordingly, the following claims have been denied:

O. G. Stephenson, T-75 (Ir.) (May 20, 1948)—cattle drowned in an irrigation canal; Luis Guaderrama, T-101 (Ir.) (July 21, 1948)—damage resulting from a break in an irrigation lateral which was caused by the burrowing of gophers in the canal embankment;

S. Albert Johnson, T-9 (Ir.) (July 17, 1947)—damage resulting from the act of a third person who had placed a "check board" in an irrigation lateral;

Daryl L. Roberts, T-401 (Ir.) (October 29, 1951)—losses of personal property occurring to federal employees as incidents of their employment; and

Cialremott, Inc., T-442 (Ir.) (September 28, 1954)—damage resulting from flooding caused by negligence of an independent contractor constructing an irrigation canal for the Bureau of Reclamation.

(e) Claims will be denied if no identifiable property or property right is damaged.

City of Redding, T-440 (Ir.) (August 8, 1952)—damage to swimming pool used by riparian owner and formed in a stream as a result of the construction of a dam; and Roxie Thorson and Marie Downs, 63 I.D. 12 (1956)—dilution of salinity of lake from which claimant, an owner of adjoining property, extracted salts for commercial purposes.

(f) The Department's views on the payment of claims that grow out of damage to a claimant's property as a result of the seepage of water from an irrigation canal or reservoir are expressed in the determination of the claim of James Purdon and Mary Purdon, Solicitor's determination M-34113 (August 6, 1948). The damage to the claimant's property from seepage from an adjacent irrigation canal was held to have resulted from the operation or maintenance of the canal by the Bureau of Reclamation. It was contended that the financial loss to the owner of property damaged by the escape of water from a reservoir or canal may prove equally serious whether such escape was due to a break in an embankment or to seepage. The determination states:

There is an obvious difference between this type of case and those in which claimants seek compensation for damages caused by the escape of irrigation water due to the acts of private persons * * * or due to the burrowing of animals * * *. The previous opinions of the Solicitor's Office treating cases of damage from seepage as controlled by the rulings in cases where the escape of irrigation water was attributable to the burrowing of animals seem to have been based upon an unsound analogy.

(g) Damage was allowed for the seepage of water through the pervious banks of a natural stream when such seepage was directly caused by irrigation works of the Bureau of Reclamation. Bertha Theobald, T-569 (Ir.) (June 30, 1954).

Sec. 4 Government claims—Bonneville Power Administration. The Regional Solicitor, Portland Region, is authorized to compromise claims and demands of the United States pursuant to section 12 of the act of August 20, 1937, as amended (16 U.S.C., sec. 832k).

This regulation supersedes Solicitor's Regulation 5, Amendment 1, of March 9, 1959.

(210 DM 2.3, 24 F.R. 1349)

FRANK J. BARRY,
Solicitor.

[F.R. Doc. 65-10813; Filed, Oct. 11, 1965;
8:46 a.m.]

[Solicitor's Reg. 22]

ASSISTANT SOLICITOR, CLAIMS AND CONTRACT APPEALS, ET AL.

Delegation of Authority Regarding Claims, Land Appeals, and Patent Matters

OCTOBER 5, 1965.

SECTION 1. General. The Assistant Solicitor, Claims and Contract Appeals, the Assistant Solicitor, Land Appeals, and the Assistant Solicitor, Patents, may severally exercise the authority granted in section 3 of Solicitor's Regulation 1 to Assistant Solicitors who serve under an Associate Solicitor. The exception in paragraph (h), section 1, Solicitor's Regulation 1 shall not apply to the Assistant Solicitor, Patents.

Sec. 2. Tort Claims. (a) The Assistant Solicitor, Claims and Contract Appeals, may exercise all of the authority vested in the Solicitor of the Department of the Interior by 210 DM 2.2A (1), relating to claims under the Federal tort claims procedure.

(b) The attorney in charge of tort claims, in the Branch of Claims and Contract Appeals, may determine claims not in excess of \$1,000 pursuant to the provisions of 28 U.S.C. secs. 2401, 2671-2680 (the Federal Tort Claims Act). The procedure described in paragraph (b), section 1 of Solicitor's Regulation 5 shall be followed.

Sec. 3. Land Appeals. The Assistant Solicitor, Land Appeals, may exercise all the authority vested in the Solicitor of the Department of the Interior by 210 DM 2.2A (4) (a) with respect to the disposition of appeals to the Secretary from decisions of the Director of the Bureau of Land Management (or his delegates) and from decisions of the Director of the Geological Survey (or his delegates) in proceedings which relate to lands or interests in lands.

Sec. 4. Patents. The Assistant Solicitor, Patents, may exercise all the authority vested in the Solicitor of the Department of the Interior by 210 DM 2.2A (5) with respect to:

(a) Any action required to be taken by the Solicitor under Title 43 CFR Subtitle A, Part 6—Patent Regulations. Such authority includes:

(1) Prescribing the form of the invention report;

(2) Taking such action as is deemed necessary to protect the Government's interests in inventions in which it has the entire right, title and interest;

(3) Adjudication of patent rights in inventions made by personnel of the Department;

(4) Granting or refusing requests for authorization to publish articles describ-

ing unpatented inventions;

(5) Issuance of certificates of public interest required in filing patent applications under 35 U.S.C. 266;

(6) Issuance of licenses under patents in which the United States, as represented by the Secretary of the Interior, has a transferable interest;

(7) Requests to the Commissioner of Patents to accept for filing without fee a patent application in which the Government has an interest; and

(8) Final approval on behalf of the Solicitor's Office to documents concerning the disposition of patent rights under experimental, developmental, or research contracts.

(b) The authority granted in paragraph (a) of this section does not include determinations to leave with the contractor title to inventions made under experimental, developmental, or research contracts, under circumstances where the Government would normally require the principal or exclusive rights.

This regulation supersedes Solicitor's Regulation 7 of July 13, 1962 (27 F.R. 6851), Solicitor's Regulation 16 of January 24, 1964 (29 F.R. 1592) and Solicitor's Regulation 20 of July 30, 1964 (29 F.R. 11282).

(210 DM 2.2A, 24 F.R. 1348; 210 DM 2.3, 24 F.R. 1349)

FRANK J. BARRY,
Solicitor.

[F.R. Doc. 65-10814; Filed, Oct. 11, 1965;
8:46 a.m.]

DEPARTMENT OF COMMERCE

Office of the Secretary

[Dept. Order 169]

NATIONAL DEFENSE EXECUTIVE RESERVE

Policies and Organization

The following order was issued by the Secretary of Commerce on September 30, 1965.

This material supersedes the material appearing at 26 F.R. 12045-12046 of December 15, 1961.

SECTION 1. Purpose. .01 The purpose of this order is to prescribe departmental policies governing the National Defense Executive Reserve in the Department of Commerce.

Sec. 2. Authorities. .01 Section 710 (e) of the Defense Production Act of 1950, as amended (50 App. U.S.C. 2160 (e)), authorizes the President " * * * to provide for the establishment and training of a nucleus executive reserve for employment in executive positions in Government during periods of emergency."

.02 Executive Order 11179 of September 22, 1964, "Providing for the National Defense Executive Reserve," states that: "The Director of the Office of Emergency Planning shall administer the Executive Reserve program; coordinate the activities of other agencies in establishing units of the Reserve; provide for appropriate standards of recruitment and training; approve prospective members

of the Executive Reserve; and issue necessary rules and regulations in connection with the program."

.03 Defense Mobilization Order 9700.1 of February 4, 1965, issued by the Office of Emergency Planning, prescribes the basic objectives, authorities, organization, and administration for the National Defense Executive Reserve.

.04 OEP Circular 9700.2 of February 4, 1965, provides policy guidance in the selection of candidates for membership in the National Defense Executive Reserve.

Sec. 3. General policies. .01 It is the policy of the Department of Commerce to establish and maintain an Executive Reserve unit to provide an effective reserve of executive talent for Government service in the event of the occurrence of an emergency requiring such employment.

.02 All designations or redesignations of members to the Reserve shall be made by the Secretary of Commerce, on recommendation of the head of the bureau or office concerned and the Assistant Secretary for Administration.

.03 Designations or redesignations to the National Defense Executive Reserve shall be for a specific term not to exceed three years.

.04 The designation of an individual who, on September 22, 1964, the date of issuance of Executive Order 11179, was a member of the Department of Commerce Executive Reserve unit, is limited to 3 years from that date, and such an individual may continue to serve during such term without further designation.

Nothing in this provision shall be deemed to limit the authority of the Secretary to terminate the membership of an individual in the Department of Commerce Executive Reserve unit at any time.

.05 Representatives of bureaus and offices shall not approach candidates to the Reserve regarding membership in the Reserve except in accordance with requirements established by the Assistant Secretary for Administration.

.06 Executive Reservists' nonemergency activities shall be limited to reserve orientation and training for possible emergency mobilization, and members of the Executive Reserve are not solely by virtue of their designation as such, considered to be officers or employees of the United States within the meaning of sections 203, 205, 207, and 209 of Title 18 of the United States Code. Executive Reservists' training within the meaning of this section shall not include advising, consulting or acting on any matter pending before an agency, representing the Department in any capacity, or making any public appearance as an individual associated with the Department of Commerce by reason of membership in the Executive Reserve. Any Executive Reservist to be engaged in these latter activities shall be appointed by the bureau or office involved as a temporary or intermittent employee under appropriate statutory authority. Under such employment, a Federal em-

ployee is subject to the conflict-of-interest statutes.

Sec. 4. Organization and administration policies. .01 The Department of Commerce unit of the National Defense Executive Reserve shall consist of the units established by the bureaus and offices of the Department. Policies and procedures relating to administration of the Reserve units shall be applicable to both national and field elements.

.02 The National Defense Executive Reserve unit of the Department of Commerce, under the general direction of the Assistant Secretary for Administration, who will be responsible for the conduct of the program, shall be coordinated by the Director, Office of Emergency Readiness, with administrative assistance from other staff offices reporting to the Assistant Secretary for Administration.

.03 Bureaus and office of the Department having emergency responsibilities are authorized, after approval by the Assistant Secretary for Administration, to establish and maintain a complement of Reservists, including national and field elements.

.04 The number of Executive Reservists shall be limited to those for which requirements have been established for essential mobilization functions assigned to the bureaus and offices of the Department.

.05 In the interest of practical operation as well as in the interest of economy, the program shall be set up in such a way that it functions automatically to the maximum extent possible, using existing material and information channels and existing staff. The administrative procedures involved in the program shall be integrated with the existing administrative procedures for normal operations.

.06 Bureaus and offices shall be responsible for establishing specific qualification standards for selection of the Executive Reservists and for:

a. Obtaining a security clearance;
b. Determining whether the candidate meets the qualifications with regard to managerial experience in functional areas required for industrial and civilian mobilization;

c. Determining whether nominees will be available to function in an executive capacity in the event of an emergency. Individuals with an obligation to serve in the Ready Reserve of the Armed Forces shall be precluded from consideration for membership in the National Defense Executive Reserve. State and local officials having emergency responsibilities because of their position shall also be precluded from consideration for membership; and

d. Obtaining from each candidate prior to designation as an Executive Reservist, a Statement of Understanding (see Administrative Order No. 210-4, Exhibit 2) covering the conditions of his availability for employment and compensation, with the formal concurrence of his employer.

.07 Candidates for the Reserve shall be drawn from all geographical areas, from industry and business, from private and public institutions, and from other seg-

ments of the economy concerned with the major mobilization responsibilities of the respective bureau or office. Candidates may include persons now working in Government on a full- or part-time basis.

.08 Reservists will be selected on the basis of each individual's qualifications to perform the duties and responsibilities of his contemplated mobilization assignment and his availability for assignment in the event of a national emergency.

.09 No officer or employee of the Department, acting in an official capacity shall directly or indirectly participate in any act or course of conduct which, on the ground of race, color, creed, or national origin, excludes any person from participation in the National Defense Executive Reserve or otherwise subjects to discrimination, any person in the Executive Reserve program. (See Department Order 195.)

.10 The level of security clearance necessary for each Reservist shall be a minimum of SECRET in accordance with existing security standards. The designation of an Executive Reservist shall be withheld until such security clearance is obtained.

.11 Whenever possible, Reservists shall be recruited for and assigned to a specific function and a designated reporting point in an emergency.

.12 Each bureau or office authorized to have an Executive Reserve unit shall establish a training program for its Reservists which shall include but not be limited to orientation and workshop sessions, current information on the mobilization plans of appropriate individual offices, and information to enable each Reservist to keep fully abreast of developments in his field which affect the capacity of the United States to mobilize its resources in an emergency.

.13 Such training programs shall be carried out at the national and field levels and will include actual participation in the testing of mobilization plans at relocation sites where and when appropriate.

.14 A Reservist may be transferred from one Executive Reserve unit to another if the agencies, bureaus, or offices concerned have jointly determined that such action is in the best interests of the Government and if the Reservist concurs in the transfer.

.15 The designation of a Reservist shall terminate when he has indicated he no longer desires to serve, when his services are no longer required, or when his term expires, unless the bureau or office recommends to the Director, Office of Emergency Planning, through the Assistant Secretary for Administration, that he be redesignated for another specific term and his redesignation is approved in accordance with the above.

Sec. 5. Interagency liaison. .01 The Assistant Secretary for Administration shall be responsible for all liaison with the Office of Emergency Planning in connection with the National Defense Executive Reserve Program.

.02 The Assistant Secretary for Administration, or his designee or designees, shall represent the Department on the Interagency National Defense Executive

Reserve Committee. The Assistant Secretary for Administration may request other bureau and office representatives to assist him in liaison with the Committee.

Effective date. September 30, 1965.

DAVID R. BALDWIN,
Assistant Secretary for
Administration.

[F.R. Doc. 65-10861; Filed, Oct. 11, 1965;
8:45 a.m.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

VICTOR CHEMICAL DIVISION,
STAUFFER CHEMICAL CO.

Notice of Withdrawal of Petition for Food Additive Sodium Tripolyphosphate

Pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 409(b), 72 Stat. 1786; 21 U.S.C. 348(b)), the following notice is issued.

In accordance with § 121.52 *Withdrawal of petitions without prejudice* of the procedural food additive regulations (21 CFR 121.52), Victor Chemical Division, Stauffer Chemical Co., 380 Madison Avenue, New York, N.Y. 10017, has withdrawn its petition (FAP 5C1655), published in the FEDERAL REGISTER of March 18, 1965 (30 F.R. 3609), proposing the issuance of a regulation to provide for the safe use of sodium tripolyphosphate as a source of dietary phosphorus in animal feeds. The firm has been informed that the additive is generally recognized as safe when used as a source of dietary phosphorus in animal feed at levels consistent with good feeding practice.

Dated: October 4, 1964.

MALCOLM R. STEPHENS,
Assistant Commissioner
for Regulations.

[F.R. Doc. 65-10835; Filed, Oct. 11, 1965;
8:47 a.m.]

ATOMIC ENERGY COMMISSION

[Docket No. 50-238]

FIRST ATOMIC SHIP TRANSPORT INC.

Notice of Issuance of Operating License Amendment

Please take notice that the Atomic Energy Commission has issued, effective as of the date of issuance, Amendment No. 1, set forth below, to Operating License No. NS-1. The license as previously issued authorized First Atomic Ship Transport Inc., to operate the pressurized water nuclear reactor facility aboard the NS Savannah at steady state power levels up to a maximum of 80 thermal megawatts. The license amendment authorizes the licensee to receive, possess

and use up to 50 millicuries of iodine-131 as radio-iodine sources, in accordance with the application for license amendment dated September 22, 1965, as supplemented by telegram dated September 23, 1965. Such sources are required by the licensee in order to perform quarterly tests of the Reactor Compartment ventilation filters to demonstrate a removal factor of at least 1000 for iodine. The sources will be possessed and used in accordance with procedures set forth or referenced in the Technical Specifications of License No. NS-1. This amendment involves no significant hazards considerations not previously evaluated.

Within fifteen (15) days from the date of publication of this notice in the FEDERAL REGISTER, the licensee may file a request for a hearing, and any person whose interest may be affected by this proceeding may file a petition for leave to intervene. Requests for a hearing and petitions to intervene shall be filed in accordance with the provisions of the Commission's rules of practice, 10 CFR Part 2. If a request for a hearing or a petition for leave to intervene is filed within the time prescribed in this notice, the Commission will issue a notice of hearing or an appropriate order.

For further details with respect to this amendment, see the application for license amendment and telegram dated September 23, 1965, both of which are available for public inspection at the Commission's Public Document Room, 1717 H Street NW., Washington, D.C.

Dated at Bethesda, Md., this 5th day of October 1965.

For the Atomic Energy Commission.

R. L. DOAN,
Director,
Division of Reactor Licensing.

FIRST ATOMIC SHIP TRANSPORT INC.

[Docket No. 50-238]

OPERATING LICENSE AMENDMENT

[License No. NS-1; Amdt. No. 1]

The Atomic Energy Commission having found that:

a. The application for license amendment complies with the requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in Title 10, Chapter 1, CFR;

b. There is reasonable assurance that (i) the activities authorized by the license, as amended, can be conducted at the designated location without endangering the health and safety of the public; and

c. The issuance of this license amendment will not be inimical to the common defense and security or to the health and safety of the public;

Operating License No. NS-1, which authorizes First Atomic Ship Transport, Inc., to possess and operate the pressurized water nuclear reactor facility aboard the NS Savannah, is hereby amended, in accordance with the application dated September 22, 1965, by adding a new subparagraph 2.H. to read:

"H. Pursuant to the Act and Title 10, CFR, Chapter 1, Part 30, to receive, possess and use up to 50 millicuries of iodine-131 as radio-iodine sources."

This amendment is effective as of the date of issuance.

Date of Issuance: October 5, 1965.

For the Atomic Energy Commission.

R. L. DOAN,
Director, Division of Reactor Licensing.

[F.R. Doc. 65-10796; Filed, Oct. 11, 1965;
8:45 a.m.]

[Docket PRM 50-1]

NATIONAL COAL POLICY CONFERENCE, INC., ET AL.

Notice of Filing of Petition for Rule Making

Please take notice that the National Coal Policy Conference, Inc., National Coal Association and United Mine Workers of America, filed with the Commission a petition for rule making dated September 29, 1965. The rule proposed by the petitioners would provide that no permit to construct or license to operate a facility of a type covered by the petition in Commission Docket No. PRM 102-A (boiling water reactors and pressurized water reactors) and intended primarily for the production of electricity for sale, shall be issued until the Commission has issued a final determination upon such petition, provided that the rule shall not prohibit issuance of a license to operate a facility if a permit to construct the facility has heretofore been issued.

A copy of the petition for rule making is available for public inspection in the Commission's Public Document Room at 1717 H Street NW., Washington, D.C.

Dated at Washington, D.C., this 5th day of October 1965.

For the Atomic Energy Commission.

W. B. McCool,
Secretary.

[F.R. Doc. 65-10797; Filed, Oct. 11, 1965;
8:45 a.m.]

CIVIL AERONAUTICS BOARD

[Docket No. 16394, etc.; Order E-22743]

CALEDONIAN AIRWAYS (PRESTWICK) LTD., ET AL.

Order Denying Waiver and Disclaimer of Jurisdiction and Instituting Expedited Investigation

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 5th day of October 1965.

Application of Caledonian Airways (Prestwick) Ltd., for a waiver pursuant to § 295.3 of the Economic Regulations, Docket 16394; application of Donaldson Line, Ltd., for a disclaimer of jurisdiction or a declaration of non-exercise of jurisdiction, Docket 16395; Caledonian Airways, temporary inclusive tour authority investigation, Docket 16546.

On August 10, 1965, Caledonian Airways (Prestwick) Ltd. (Caledonian)

filed with the Board an application (Docket 16394) seeking a waiver pursuant to § 295.3 of the Board's economic regulations, from the provisions of Part 295 (or the corresponding provisions of proposed Part 214 if hereafter enacted) insofar as those provisions would otherwise prevent it from conducting 14 inclusive tour charter flights between the United Kingdom and the United States in a period between April 1 and October 31, 1966, subject to the terms, conditions, and limitations contained in its authority from the United Kingdom (Air Transport Licensing Board License B.3823).

On the same date, Donaldson Line, Ltd. (Donaldson), a United Kingdom ocean carrier and tour organizer, filed an application (Docket 16395) asking the Board to disclaim jurisdiction or declare that it will not exercise jurisdiction with respect to Donaldson's activities as the charterer of the Caledonian aircraft and the seller of space on this aircraft in the form of package tours.

Caledonian, in support of its application, alleges, inter alia, that it has obtained authority from the British authorities to operate a limited number of inclusive tour charter flights between the United Kingdom and the United States for a 3-year period; that by its application herein Caledonian seeks Board authority only with respect to a 1966 program and only with respect to tours originating in the United Kingdom; that DC-7C or Britannia aircraft would be used; that departures would not be more frequent than once each fortnight; that the routing would be from London, England and Prestwick, Scotland to Boston, Mass., New York, N.Y., and Washington, D.C.; that the tour within the United States would involve 14 nights accommodation stopping at Boston, Niagara Falls, New York City, and Washington with an optional stop at tourist points in Connecticut; that United Kingdom departures would be limited to Fridays, Saturdays, and Sundays when the IATA excursion fare is not in effect; that a minimum charge for the tour package will be 105 percent of the then applicable IATA economy class fare over the air route; that Caledonian has recently filed an application (Docket 16372) seeking amendment and renewal of its existing foreign air carrier permit including grant of tour charter authority; that a decision in that Docket is not likely until a date too late to permit the organization and marketing of an inclusive tour program for next season; that the United Kingdom's selling season for the following summer's inclusive tour services begins approximately October 1; that a waiver herein is needed no later than September 24, 1965, if there is to be a program marketed for next summer; that the request meets the conditions of section 295.3 inasmuch as the

¹ By EDR-84, issued June 18, 1965 in Docket 16266, the Board proposed promulgation of a new Part 214 which would be the charter regulation for the foreign charter carriers.

proposed waiver would be in the public interest and is justified by special and unusual circumstances; that the waiver will enable Caledonian to bring to this country 1,700 British tourists who otherwise would not travel to the United States in 1966; that United States policy regarding attraction of foreign tourists should be noted in this connection; that the waiver would not prejudice or limit the Board in disposing of Caledonian's application for permanent tour charter authority or the grant of comparable authority to United States supplemental carriers but would provide the Board with useful data for its general assessment of transatlantic tour charter services; that Caledonian will bear direct liability for any passenger loss or injury; and that all passengers will be charged a similar amount for like tours.

Donaldson, in support of its application alleges, *inter alia*, that it has been licensed by the United Kingdom Air Transport Licensing Board to act as tour organizer with respect to the Caledonian charters in question; that this license was granted after inquiry by the ATLB as to its qualifications and fitness; that a question may exist as to whether it will be an indirect air carrier as a result of its activities in chartering the aircraft from Caledonian and selling package tours to members of the British public; that it does not believe such a conclusion to be warranted, but in any case believes no reason exists for the Board to exercise jurisdiction over foreign indirect air carrier activities involving inbound traffic and business transactions consummated in a foreign country; and that the situation is analogous to that arising in the International Air Freight Forwarder Investigation² wherein the Board concluded that no effective regulatory purpose would be served by asserting jurisdiction over foreign air freight forwarders with respect to inbound shipments of cargo.

In an answer filed August 13, 1965, Capitol Airways, Inc. (Capitol), states that it does not object to Caledonian's application in Docket 16394 but urges the Board to transmit forthwith to the President a favorable recommendation with respect to Capitol's petition for reconsideration in the Transatlantic Charter Investigation, Docket 11908 et al., seeking tour charter authority across the Atlantic, or to take such other action as may be appropriate to authorize tour charters for Capitol in time for the 1966 transatlantic charter season. Saturn Airways, Inc. (Saturn), in an answer in Docket 16394, filed August 18, 1965, takes no position concerning grant or denial of Caledonian's application but urges prompt transmission to the President of a recommendation in Docket 11908 favorable to transatlantic tour charters.

Answers objecting to grant of Caledonian's application were filed on August 24, 1965, by nine trunklines jointly (Trunklines),³ Trans World Airlines,

Inc. (TWA), and Pan American World Airways, Inc. (PAA). TWA's answer also objects to Donaldson's application in Docket 16395. PAA's answer includes a motion that the Board reject Caledonian's application and return it to the applicant as an improperly filed document. PAA filed a separate answer on August 25, 1965, in Docket 16395 requesting that Donaldson's application be denied.

The objectors generally allege, *inter alia*, that Caledonian's application raises major legal and policy questions which are at issue in the Supplemental Air Service Proceeding (Docket 13795 et al.), the Transatlantic Charter Investigation (Docket 11908 et al.), the pending rule-making proceeding concerning interim authority for domestic tour charters for supplemental air carriers (Docket 15777), and Caledonian's application for renewal and amendment of its permit (Docket 16372); that grant of this waiver would prejudice these proceedings; that it is beyond the power of the Board to authorize tour charters in light of the legislative history of P.L. 87-528; that no United States carrier has been given the authority sought here for a foreign carrier; and that grant of this waiver would be contrary to the Board's finding, made in the Transatlantic Charter Investigation, on the basis of a formal record, that transatlantic tour charters would be contrary to the public interest. With respect to the Donaldson application it is alleged by the objectors thereto, *inter alia*, that Donaldson would be operating in foreign air transportation; that the situation is not analogous to the International Air Freight Forwarder Investigation; and that the application raises questions requiring additional development of facts.

With regard to its motion to reject and physically return Caledonian's application, PAA alleges, *inter alia*, that section 295.3 pertains only to an "air carrier," which is a term clearly defined in the Federal Aviation Act as a "citizen of the United States," and that in any event the waiver provisions were not designed to achieve an abolition of Part 295 in its entirety, which is what Caledonian seeks. In an answer directed to this motion, filed August 24, 1965, Caledonian alleges, *inter alia*, that since the Board and the President have made Caledonian's foreign air carrier permit subject to the provisions of Part 295, any provision of that Part relating to an air carrier thereby relates also to Caledonian; and that if PAA's reasoning were to be adopted it would lead to the conclusion that Caledonian was free of all limitations and conditions in Part 295 and the waiver requested herein would be unnecessary.

By letter received August 26, 1965, which has been filed in Docket 16394, the Secretary of Commerce urges approval of the requested waiver as a step in the direction of attracting European tourists to

the United States, thus reducing the balance of payments deficit.

We do not meet the merits of the application because it is clear that the Board is without the legal power to grant the requested waiver.

Caledonian is not presently authorized to conduct all-expense tour charters. Under sections 402 and 801 of the Act, the only way in which a foreign air carrier can be granted additional authority to engage in common carriage operations is by the issuance of a foreign air carrier permit after a hearing and with Presidential approval. The proposed procedure, of course, does not contemplate such a course.

Under the waiver provisions of Part 295, the Board may waive various conditions, limitations, and restrictions imposed on the carrier's basic operating authority. But the Board cannot use a waiver theory for the purpose of granting additional basic operating authority to the carrier. To do so would be inconsistent with the hearing and Presidential approval requirements of the Act. Put another way, the waiver provisions of § 295.3 necessarily assume that the transportation to be performed is covered by Part 295. Since Part 295 is not applicable to all-expense tour charters, the waiver provisions are of no avail.

However, we are sympathetic to Caledonian's contentions that sufficient lead time is required to mount even the limited inclusive tour program it contemplates in its application. Consequently we have decided to institute an investigation, on an expedited basis, to determine whether Caledonian's permit should be amended to permit the carrier to operate fourteen United Kingdom originating inclusive tour charters during the period April 1 through October 31, 1966. Also at issue will be the question of whether Donaldson should be granted economic authority by the Board to the extent necessary to enable it to participate in the aforementioned inclusive tour program.

Because of the limited and temporary nature of the authority at issue and the detailed pleadings that have been submitted, we have concluded that certain of the pre-trial procedural steps normally involved in permit cases are not required in this instance. Thus, we do not propose to hold a prehearing conference. Further, since the matters at issue raise primarily questions of policy and law, we will not provide for the advance exchange of exhibits and prepared testimony.

To further facilitate the expeditious consideration of the issues herein we will instruct the Examiner to make his recommended decision orally on the record at the termination of the hearing, after having accorded any interested party the opportunity to present oral argument on the issues in lieu of written briefs.

Accordingly, it is ordered:

1. That Caledonian's application in Docket 16394 and Donaldson's application in Docket 16395 be and they hereby are denied;

2. That Pan American's motion to reject Caledonian's application as an improperly filed document be and it hereby is denied;

² 27 CAB 658 (1958).

³ American Airlines, Inc., Braniff Airways, Inc., Continental Air Lines, Inc., Delta Air Lines, Inc., Eastern Air Lines, Inc., National

Airlines, Inc., Northeast Airlines, Inc., United Air Lines, Inc., and Western Air Lines, Inc.

3. That pursuant to section 402(f) of the Act, an investigation be and it hereby is instituted in Docket 16546, which shall be known as the Caledonian Airways Temporary Inclusive Tour Authority Investigation, to determine whether it is in the public interest to amend the carrier's permit to authorize it to conduct 14 inclusive tour charters during the period April 1 through October 31, 1966, inclusive, originating in the United Kingdom and destined for the United States;

4. That included in the foregoing investigation is the issue of whether Donaldson should be granted economic authority to participate in the aforementioned charter program;

5. That the aforementioned investigation shall proceed to hearing on October 18, 1965, at a time and place to be hereafter announced;

6. That petitions to intervene shall be filed on or before October 12, 1965, and answers thereto on or before October 14, 1965;

7. That the Examiner shall at the termination of the hearing, announce orally his recommended findings of fact and conclusions of law;

8. That exceptions to the Examiner's Recommended Decision shall be filed within two days after announcement of the decision and briefs to the Board shall be filed within five calendar days after the filing of exceptions;

9. That petitions for reconsideration of this order shall be filed on or before October 11, 1965, and answers thereto on or before October 13, 1965;

10. That the filing of petitions for reconsideration of this order will not act to stay the effectiveness of this order; and

11. That copies of this order shall be served upon Caledonian, Donaldson, Pan American, TWA, Capitol, and Saturn, all of whom are hereby made parties to the above investigation.

This order will be published in the **FEDERAL REGISTER**.

By the Civil Aeronautics Board.

[SEAL] HAROLD R. SANDERSON,
Secretary.

[P.R. Doc. 65-10800; Filed, Oct. 11, 1965;
8:45 a.m.]

TARIFF COMMISSION

[332-46]

TEXTURED OR TEXTURIZED YARNS

Notice of Investigation

Pursuant to a request received from the President on October 4, 1965, the U.S. Tariff Commission has instituted an investigation under the authority of section 332 of the Tariff Act of 1930 (19 U.S.C. 1332) to ascertain the feasibility and desirability of a separate tariff classification in the Tariff Schedules of the United States for those yarns of man-made fibers commonly referred to as "textured" or "texturized" yarns, hereinafter referred to as "textured" yarns. Interested parties are invited to make written submissions pertinent to the in-

vestigation. In this regard the Commission is desirous of obtaining, *inter alia*, information and assistance regarding the following matters:

1. Processes by which textured or texturized yarns are made both in the United States and abroad and the relative importance of each process.

2. Detailed descriptions of the component fibers used in such yarns, including relative costs and weights of such fibers when two or more fibers appear in the yarn.

3. Reasons why yarns are textured and the relative increases in values of yarns caused by such processes.

4. Means by which textured yarns may be distinguished from other types of yarns.

5. Uses made of textured yarns. Do they have special uses for which no other yarns are suitable? Are some such yarns competitive with other yarns which are not so processed?

6. Samples of each kind of textured yarn and of each competitive non-textured yarn.

7. Prices of domestic and foreign yarns before and after they are processed into textured yarn, prices of competitive non-textured yarns, and costs of having yarns texturized in the United States and abroad, broken down as to type of process.

The Commission's report to the President of its findings in this investigation is to be made no later than December 10, 1965. Interested parties should, therefore, submit all written statements of pertinent information, samples, and pertinent evidence to the Secretary of the Tariff Commission no later than the 20th day after publication of this notice in the **FEDERAL REGISTER**.

No hearing in connection with this investigation has been ordered. If a hearing is ordered, due notice of the time and place thereof will be given. In this connection, interested parties may, within 20 days after the date of publication of this notice in the **FEDERAL REGISTER**, request that a public hearing be held, stating reasons for the request.

Issued October 7, 1965.

By order of the Commission.

[SEAL] DONN N. BENT,
Secretary.

[P.R. Doc. 65-10818; Filed, Oct. 11, 1965;
8:47 a.m.]

INTERSTATE COMMERCE COMMISSION

FOURTH SECTION APPLICATION FOR RELIEF

OCTOBER 7, 1965.

Protests to the granting of an application must be prepared in accordance with Rule 1.40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the **FEDERAL REGISTER**.

LONG-AND-SHORT HAUL

FSA No. 40056—*Joint motor-rail rates—Central and Southern*. Filed by Central and Southern Motor Freight Tariff Association, Inc., agent (No. 96), for interested carriers. Rates on various commodities moving on class and commodity rates over joint routes of applicant rail and motor carriers, between points in southern territory, on the one hand, and points in Central States territory, on the other.

Grounds for relief—Motortruck competition.

Tariff—Supplement 13 to Central and Southern Motor Freight Tariff Association, Inc., agent, tariff MF-ICC 309.

By the Commission.

[SEAL] H. NEIL GARSON,
Secretary.

[P.R. Doc. 65-10830; Filed, Oct. 11, 1965;
8:47 a.m.]

[Notice 63]

MOTOR CARRIER TEMPORARY AUTHORITY APPLICATIONS

OCTOBER 7, 1965.

The following are notices of filing of applications for temporary authority under section 210a(a) of the Interstate Commerce Act provided for under the new rules in Ex Parte No. MC 67 (49 CFR Part 240) published in the **FEDERAL REGISTER**, issue of April 27, 1965, effective July 1, 1965. These rules provide that protests to the granting of an application must be filed with the field official named in the **FEDERAL REGISTER** publication, within 15 calendar days after the date notice of the filing of the application is published in the **FEDERAL REGISTER**. One copy of such protests must be served on the applicant, or its authorized representative, if any, and the protests must certify that such service has been made. The protest must be specific as the service which such protestant can and will offer, and must consist of a signed original and six (6) copies.

A copy of the application is on file, and can be examined, at the Office of the Secretary, Interstate Commerce Commission, Washington, D.C., and also in the field office to which protests are to be transmitted.

MOTOR CARRIERS OF PROPERTY

No. MC 40994 (Sub-No. 1 TA), filed October 5, 1965. Applicant: HARLAND H. THOMPSON, doing business as THOMPSON MOTOR FREIGHT, 78 Kentucky Court, Mason City, Iowa. Applicant's representative: Clayton L. Wornson, 206 Brick and Tile Building, Mason City, Iowa. Authority sought to operate as a common carrier, by motor vehicle, over regular routes, transporting: *General commodities* (with the usual exceptions), (1) between Mason City, Iowa, and Northwood, Iowa, over U.S. Highway 65, serving the intermediate points of Manly and Kensett, Iowa, and (2) between Northwood and Lake Mills, Iowa, over Iowa Highway 105, as an alternate route for operating conven-

lence only, serving no intermediate points, for 180 days. Supporting shippers: B & K Lumber, Inc., Northwood, Iowa; Boyd Implement Co., Northwood, Iowa; Coast to Coast Stores, Northwood, Iowa; Fallgatter's Markets, Inc., Northwood, Iowa; Hanson Radio and T.V., Northwood, Iowa; Harris Farm Service and Supply, Northwood, Iowa; Helgeson Motor Co., Northwood, Iowa; Klein Drug Co., Northwood, Iowa; Maynard Jaspers Implement, Northwood, Iowa; The Northwood Anchor, Northwood, Iowa; Northwood Plumbing and Heating, Northwood, Iowa; O'Brun's Dept. Store, Northwood, Iowa; Veteran's Skelgas Service, Northwood, Iowa; Worth County Co-operative Oil Co., Northwood, Iowa; Bang's Hardware, Kensett, Iowa; Bratrud Brothers, Kensett, Iowa; Hill Truck & Auto Service, Manly, Iowa; Tom's Damaged and Unclaimed Freight, Manly, Iowa. Send protests to: Ellis L. Annett, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 227 Federal Office Building, Des Moines, Iowa, 50309.

No. MC 45057 (Sub-No. 15 TA), filed October 4, 1965. Applicant: McLEOD TRUCKING, INC., 1289 East Fifth Street, Reno, Nev., 89502. Applicant's representative: Laurance A. Williams, McLeod Trucking, Inc., Reno, Nev. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Barite*, in bulk, in pneumatic bulk vehicles, from Battle Mountain, Nev., to points in Lincoln and Clatsop Counties, Oreg., for 150 days. Supporting shipper: Mojave Mud & Chemical Co., 12827 East Imperial Highway, Santa Fe Springs, Calif., 90670. Send protests to: Daniel Augustine, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 11 West Telegraph Street, Carson City, Nev., 89701.

No. MC 103051 (Sub-No. 201 TA), filed October 4, 1965. Applicant: FLEET TRANSPORT COMPANY, INC., 340 Armour Drive NE, Post Office Box 13694, Station K, Atlanta, Ga., 30324. Applicant's representative: J. D. Fetz (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Dry fertilizer*, in bulk, and tank vehicles, from Dothan, Ala., to points in Georgia, for 180 days. Supporting shipper: The Home Guano Co., Post Office Box 700, Dothan, Ala., 36302. Send protests to: William L. Scroggs, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 680 West Peachtree Street NW., Room 300, Atlanta, Ga., 30308.

No. MC 113861 (Sub-No. 35 TA), filed October 4, 1965. Applicant: WOOTEN TRANSPORTS, INC., 153 Gaston Avenue, Post Office Box 10216, Memphis, Tenn. Applicant's representative: Joyce White (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Lard*, in bulk, in tank vehicles, from Memphis, Tenn., to West Point, Miss., for 150 days. Sup-

porting shipper: John Morrell & Co., 1400 Warford Street, Memphis, Tenn., 38108. Send protests to: William W. Garland, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 390 Federal Office Building, 167 North Main, Memphis, Tenn., 38103.

No. MC 115036 (Sub-No. 18 TA), filed October 4, 1965. Applicant: VAN TASSEL, INCORPORATED, Fifth and Grand, Pittsburg, Kans., 66762. Applicants' representative: T. V. Van Tassel (same address as applicant). Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Metals, metal products and fabrications, and parts, materials and accessories used in connection therewith*, between Pittsburg, Kans., and points in Missouri, Illinois, Colorado, Oklahoma, Arkansas, Nebraska, and Indiana, for 180 days. Supporting shipper: Pittsburg Steel and Manufacturing Co., Inc., Post Office Box 62662, Pittsburg, Kans., 66762. Send protests to: M. E. Taylor, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 906 Schweitzer Building, Wichita, Kans., 67202.

No. MC 118051 (Sub-No. 5 TA), filed October 5, 1965. Applicant: ALBERT ACEVEDO, RAMIRO ACEVEDO, ERNEST ACEVEDO, RAUL ACEVEDO, AND JESSE ACEVEDO, a partnership, doing business as J. ACEVEDO & SONS, 308 Terminal Market, San Antonio, Tex., 78207. Applicant's representative: Ramiro Acevedo (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Bananas*, from Brownsville, Tex., to San Antonio, Lubbock, El Paso, Abilene, Wichita Falls, Dallas, Fort Worth, and Amarillo, Tex., Los Angeles, Calif., and Kansas City, Mo., for 180 days. Supporting shipper: Tony Ferraz, Post Office Box 89, Brownsville, Tex., 78520. Send protests to: James H. Berry, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 206 Manion Building, San Antonio, Tex., 78205.

No. MC 118142 (Sub-No. 23 TA), filed October 4, 1965. Applicant: M. BRUENGER & CO., INC., 6330 North Broadway, Wichita, Kans., 67238. Applicant's representative: James F. Miller, 7501 Mission Road, Shawnee Mission, Kans. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products, meat byproducts and articles distributed by meat packinghouses*, from Garden City, Kans., and points within 5 miles thereof, to points in Nevada, Arizona, New Mexico, and Utah, for 180 days. Supporting shippers: Consumers Co-operative Association, Kansas City, Mo.; John H. Dohogne, Producers Packing Co., Garden City, Kans. Send protests to: M. E. Taylor, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 906 Schweitzer Building, Wichita, Kans., 67202.

No. MC 119043 (Sub-No. 1 TA), filed October 4, 1965. Applicant: MELVIN

L. MALBRAATEN, Route 3, Bemidji, Minn. Applicant's representative: Douglas W. Cann, Security Bank Building, Bemidji, Minn. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Green and dry lumber* of various grades and species, from points in Beltrami, Clearwater, Mahanomen, Lake of the Woods, Koochiching, Itasca, Cass, Hubbard, and Wadena Counties, Minnesota, to points in Wisconsin, on and north of Highway 12, for 180 days. Supporting shipper: Dickinson Lumber Co., Bemidji, Minn. Send protests to: Joseph H. Amb's, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 1621 South University Drive, Room 213, Fargo, N. Dak.

No. MC 119777 (Sub-No. 44 TA), filed October 4, 1965. Applicant: LIGON SPECIALIZED HAULER, INC., Post Office Box 31, W. S. Highway 41 South, Madisonville, Ky., 42431. Applicant's representative: Robert M. Pearce, Central Building, 1033 State Street, Bowling Green, Ky., 42101. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Guard rail and guard rail posts and accessories*, from Evansville, Ind., to points in Kentucky (except those in Campbell, Kenton, and Jefferson Counties), and to points in Alabama, North Carolina, Tennessee, and Virginia, for 180 days. Supporting shipper: Mr. Barry Shapiro, vice president, Anderson Safeway Guard Rail Corp., Box 4499, Station A, Evansville, Ind., 47711. Send protests to: Wayne L. Merliatt, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 426 Post Office Building, Louisville, Ky., 40202.

No. MC 123424 (Sub-No. 2 TA), filed October 4, 1965. Applicant: POSA, INC., 122 Kingsland Avenue, Brooklyn, N.Y. Applicant's representative: Arthur J. Piken, 160-16 Jamaica Avenue, Jamaica, N.Y., 11432. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Scrap metal*, between points in the New York, N.Y., commercial zone, as defined by the Commission in the Fifth Supplement Report, 53 M.C.C. 451, on the one hand, and, on the other, Marietta and Bellefonte, Pa., and drum containers, on return, for 180 days. Supporting shippers: Metal Reclaiming Co. of New York, Inc., 170 Broadway, New York, N.Y., 10038; J. R. Elkins, Inc., 518 Gardner Avenue, Brooklyn, N.Y., 11222. Send protests to: Robert E. Johnston, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 346 Broadway, New York, N.Y., 10013.

No. MC 124034 (Sub-No. 25 TA), filed October 4, 1965. Applicant: SCHWERTMAN TRUCKING CO. OF NEW YORK, INC., 611 South 28th Street, Milwaukee, Wis., 53246. Applicant's representative: James R. Ziperski (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Cement*,

in bulk, from points in Massachusetts to points in Connecticut, Rhode Island, and New Hampshire, restricted to shipments having a prior movement by rail, for 180 days. Supporting shippers: Lone Star Cement Corp., 100 Park Avenue, New York, N.Y., 10017, Joseph R. Balocco, traffic analyst; and Penn-Dixie Cement Corp., 60 East 42d Street, New York, N.Y., 10017, Edwin P. Wintle, assistant to the general traffic manager. Send protests to: W. F. Sibbald, Jr., District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 108 West Wells Street, Room 511, Milwaukee, Wis., 53203.

No. MC 126745 (Sub-No. 11 TA), filed October 4, 1965. Applicant: SOUTHERN COURIERS, INC., 222-17 Northern Boulevard, Bayside, N.Y., 11361. Applicant's representative: J. K. Murphy (same address as above). Authority sought to operate as a common carrier, by motor vehicle, over irregular routes, transporting: Commercial papers, documents and written instruments, as are used in the business of banks and banking institutions (except coin, currency, bullion, and negotiable instruments), between points in Alabama, on the one hand, and, on the other, points in Georgia, for 180 days. Supporting shippers: The First National Bank, Huntsville, Ala.; The Anniston National Bank, Anniston, Ala.; American Bank & Trust Co., Post Office Box 840, Hartselle, Ala.; The First National Bank of Atlanta, Atlanta, Ga.; and Central Bank & Trust Co., 2015 First Avenue, North, Birmingham, Ala. Send protests to: E. N. Carignan, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 346 Broadway, New York, N.Y., 10013.

No. MC 127458 (Sub-No. 1 TA), filed October 5, 1965. Applicant: DOBSON CARTAGE AND STORAGE COMPANY, 1006 Indiana Street, Bay City, Mich., 48709. Applicant's representative: Rex Eames, 1800 Buhl Building, Detroit, Mich., 48226. Authority sought to operate as a contract carrier, by motor vehicle, over irregular routes, transporting: Unrated furniture and merchandise, in retail deliveries, between Bay City, Mich., on the one hand, and, on the other, points in Michigan, on and north of Michigan Highway 46, and on and east of U.S. Highway 27 and Interstate 75, under a continuing contract with Sears, Roebuck & Co., Bay City, Mich., for 180 days. Supporting shipper: Sears, Roebuck & Co., 8 East Congress Parkway, Chicago, Ill. Send protests to: C. R. Flemming, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 221 Federal Building, Lansing, Mich., 48933.

No. MC 127609 TA, filed October 4, 1965. Applicant: BERT F. BOWLSBY AND BRUCE F. BOWLSBY, Co-partners, doing business as IRVINGTON TRANSFER AND STORAGE CO., 1924 North-east Couch Street, Portland, Ore. Applicant's representative: Bert F. Bowlsby (same address as above). Authority sought to operate as a contract carrier, by motor vehicle, over irregular routes, transporting: Such merchandise as is

dealt in by retail department stores, between such stores, or their warehouses, in Multnomah County, Ore., on the one hand, and, on the other, customers of such stores located in Clark County, Wash., under special and individual contracts and agreements with Art Erickson Furniture Co., Lipman-Wolfe and Co., Rhodes-Western, Inc., and Montgomery Ward & Co., for 180 days. Supporting shippers: Lipman Wolfe & Co., Portland, Ore.; Rhodes, Portland, Ore.; Art Erickson Furniture Co., Portland, Ore.; and Montgomery Ward & Co., Portland, Ore. Send protests to: S. F. Martin, District Supervisor, Bureau of Operations and Compliance, Interstate Commerce Commission, 538 Pittock Block, Portland, Ore., 97205.

By the Commission.

[SEAL]

H. NEIL GARSON,
Secretary.

[P.R. Doc. 65-10631; Filed, Oct. 11, 1965;
8:47 a.m.]

[Notice 1244]

MOTOR CARRIER TRANSFER PROCEEDINGS

OCTOBER 7, 1965.

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 179), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC-68009. By order entered September 29, 1965, the Transfer Board, on reconsideration, approved the transfer to Black Hills Stage Lines, Inc., 1503 Norfolk Avenue, Norfolk, Nebr., of the operating rights in Certificates Nos. MC-85945 (Sub-No. 3), MC-85945 (Sub-No. 4), and MC-85945 (Sub-No. 5), issued October 15, 1952, May 28, 1953, and August 20, 1958, respectively, to Fred Larsen, Jr., doing business as Winner Bus Line, 405 Lincoln, Winner, S. Dak., authorizing the transportation, over regular routes, of passengers and their baggage, between Bonesteel, S. Dak., O'Neill, Nebr., and Winner and Norfolk, Nebr.

No. MC-FC-68097. By order of September 29, 1965, the Transfer Board, on reconsideration, approved the transfer to Kelly Motor Freight, Inc., Drexel Hill, Pa., of the operating rights in Certificate No. MC-82091 issued October 24, 1961, to Martin J. Kennelly, Philadelphia, Pa., authorizing the transportation over irregular routes, of: Floor covering, and materials, supplies, and equipment, used or useful in the installation of floor covering, from Philadelphia, Pa., to Camden,

Harrison, and Kearny, N.J., New York, N.Y., Wilmington, Del., and Baltimore, Md., with no transportation for compensation on return except as otherwise authorized, General commodities, except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading, between points in Philadelphia, Pa. Note: Dual operations were authorized. John J. Cahill, 1129 Bankers Securities Building, Philadelphia 7, Pa., attorney for applicants.

No. MC-FC-68164. By order of September 29, 1965, the Transfer Board approved the transfer to Bucks County Construction Co., a corporation, 152 Monroe Avenue, Pennel, Pa., of the operating rights of Joseph Zogorski, Swamp Road, Newtown, Pa., in Certificate No. MC-70833, issued March 7, 1950, authorizing the transportation, over irregular routes, of lime, fence materials, and building materials, from points in New Jersey, Delaware, and Maryland, to points in Bucks County, Pa., other than incorporated municipalities.

No. MC-FC-68165. By order of September 29, 1965, the Transfer Board approved the transfer to Cagwin Truck Lines, Inc., Lockport, Ill., of the operating rights of Merritt E. Cagwin, Lockport, Ill., in Certificates Nos. MC-40817 and MC-40817 (Sub-No. 9), issued August 15, 1963, and October 7, 1964, respectively, authorizing the transportation, over irregular routes, of livestock, broom corn and supplies for the manufacture of brooms, machinery used in the manufacture of brooms and machine parts, farm machinery, new furniture, fertilizer, clay products, coal, agricultural commodities, grain and grain products, feed, household goods, concentrates and minerals, used in the manufacture of animal and poultry feeds, animal and poultry feed ingredients, dry, from, to, and between specified points in Illinois, Indiana, Missouri, Kentucky, Ohio, and Wisconsin, varying with the commodities indicated. Robert T. Lawley, 308 Reisch Building, Springfield, Ill., attorney for applicants.

No. MC-FC-68170. By order entered September 29, 1965, the Transfer Board approved the transfer to Gordon C. Graves, doing business as Gordon C. Graves Trucking Co., Box 152, Ulysses, Pa., of the operating rights in corrected Certificate No. MC-20587 issued January 7, 1959, to Claude Flynn, Mills, Pa., authorizing transportation, over irregular routes, of: Lime, fertilizers, building materials, and machinery, between Ulysses, Pa., and points within 25 miles thereof, on the one hand, and, on the other, Buffalo and Batavia, N.Y. Livestock, from Ulysses, Pa., and points within 25 miles thereof, to Buffalo, N.Y.; and feed from Buffalo, N.Y., to Ulysses, Pa., and points within 25 miles of Ulysses.

No. MC-FC-68173. By order of September 29, 1965, the Transfer Board approved the transfer to Virginia Tours, Inc., Richmond, Va., of Certificate No. MC-73742 issued April 8, 1944, to Wiley E. Cross, doing business as Virginia Tours, Richmond, Va., authorizing the

transportation of passengers and their baggage, restricted to traffic originating at the points indicated, in charter operations, over irregular routes, from Richmond, Va., and points within 15 miles of Richmond, to points in Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maine, Maryland, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Vermont, West Virginia, Wyoming, and the District of Columbia. Charles L. Reed, 1407 State Planters Bank Building, Richmond 19, Va., attorney for applicants.

No. MC-FC-68178. By order of September 29, 1965, the Transfer Board approved the transfer to Britt Bros. Trucking Inc., Heppner, Oreg., of the certificate in No. MC-123588, issued November 17, 1964, to Leroy Britt, doing business as Britt Trucking Co., Spray, Oreg., authorizing the transportation of: Wood chips, from Spray, Oreg., to Wallula, Wash. Alex L. Parks, 1107 Standard Plaza, Portland, Oreg., 97204, attorney for applicants.

[SEAL]

H. NEIL GARSON,
Secretary.[F.R. Doc. 65-10832; Filed, Oct. 11, 1965;
8:47 a.m.][Second Rev. S.O. 562; Pfahler's ICC Order
No. 192-A]

MISSOURI PACIFIC RAILROAD CO.

Diversion or Rerouting of Traffic

Upon further consideration of Pfahler's ICC Order No. 192 (The Missouri Pacific Railroad Co.) and good cause appearing therefor:

It is ordered, That:

(a) Pfahler's ICC Order No. 192, be, and it is hereby vacated and set aside.

(b) Effective date: This order shall become effective at 12:01 a.m., October 7, 1965.

It is further ordered, That this order shall be served upon the Association of American Railroads, Car Service Division, as agent of all railroads subscribing to the car service and per diem agreement under the terms of that agreement and by filing it with the Director, Office of the Federal Register.

Issued at Washington, D.C., October 6, 1965.

INTERSTATE COMMERCE
COMMISSION

[SEAL]

R. D. PFAHLER,
Agent.[F.R. Doc. 65-10833; Filed, Oct. 11, 1965;
8:47 a.m.][Second Rev. S. O. 562; Pfahler's ICC Order
193-A]

ANN ARBOR RAILROAD CO.

Diversion or Rerouting of Traffic

Upon further consideration of Pfahler's ICC Order No. 193 (The Ann Arbor Railroad Co.) and good cause appearing therefor:

It is ordered, That:

(a) Pfahler's ICC Order No. 193, be, and it is hereby vacated and set aside.

(b) Effective date: This order shall become effective at 12:01 a.m., October 6, 1965.

It is further ordered, That this order shall be served upon the Association of American Railroads, Car Service Division, as agent of all railroads subscribing to the car service and per diem agreement under the terms of that agreement and by filing it with the Director, Office of the Federal Register.

Issued at Washington, D.C., October 5, 1965.

INTERSTATE COMMERCE
COMMISSION

[SEAL]

R. D. PFAHLER,
Agent.[F.R. Doc. 65-10834; Filed, Oct. 11, 1965;
8:47 a.m.]

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PART II

Department of State
Agency for
International Development

Revision of
Procurement
Regulations



Title 41—PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

Chapter 7—Agency for International Development Department of State PROCUREMENT

Chapter 7 of Title 41 of the Code of Federal Regulations is revised to read as set forth below.

- Part
- 7-1 General.
 - 7-2 Procurement by formal advertising.
 - 7-3 Procurement by negotiation.
 - 7-4 Special types and methods of procurement.
 - 7-5 Special and directed sources of supply.
 - 7-6 Foreign purchases.
 - 7-7 Contract clauses.
 - 7-8 Termination of contracts.
 - 7-10 Bonds and insurance.
 - 7-12 Labor.
 - 7-15 Contract cost principles and procedures.
 - 7-16 Procurement forms.
 - 7-17 Extraordinary contractual actions to facilitate the national defense.
 - 7-30 Contract financing.
 - 7-60 Contract appeal procedure.

PART 7-1—GENERAL

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 - 7-1.103 Applicability.
 - 7-1.104 Issuance.
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- 7-1.1001 General policy.
- 7-1.1003 Synopses of proposed procurements.
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AUTHORITY: The provisions of this Part 7-1 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-1.1—Introduction

§ 7-1.101 Purpose.

This subpart establishes the Agency for International Development Procurement Regulations (AIDPR) for the codification and publication of policies and procedures for the procurement of services and personal property by the Agency for International Development (AID).

§ 7-1.102 Authority.

AIDPR is prepared by the Assistant Administrator for Material Resources by direction of the Administrator of AID pursuant to the Foreign Assistance Act of 1961, complies with the Federal Procurement Regulations System, and implements and supplements the Federal Procurement Regulations (FPR). See FPR 1-1.0.

§ 7-1.103 Applicability.

Unless a deviation is specifically authorized in accord with AIDPR 7-1.107, or unless otherwise provided, FPR and AIDPR apply to all procurements (regardless of currency of payment) of personal property and non-personal services to which AID is a direct party. This regulation does not apply to procurements by other parties, such as borrowers and grantees, which are financed under programs administered in whole or part by AID, nor to contracts entered into jointly by AID and the borrower or grantee to make a procurement from a third source for an overseas program or activity.

§ 7-1.104 Issuance.

§ 7-1.104-1 Relation to Federal Procurement Regulations System.

(a) The Federal Procurement Regulations System brings together, in Title 41 of the Code of Federal Regulations, the procurement regulations that apply to all civilian agencies of the Government. FPR is Chapter 1 of Title 41. AIDPR is Chapter 7.

(b) FPR will be divided into 49 parts, and Parts 1 through 49 of AIDPR will expand upon or modify the policies and procedures included in FPR. Material issued in the first 49 parts of AIDPR will be numerically keyed to the corresponding sections of FPR. Parts 50 through 99 of AIDPR will be used for procurement policies and procedures for which FPR has or is not expected to have a counterpart. See FPR 1-1.0.

§ 7-1.104-2 Internal.

AIDPR will be published in loose-leaf form for internal distribution.

§ 7-1.104-3 Public.

Those parts of AIDPR which contain basic and significant policies and procedures considered to be of interest to the general public will be published in the daily issues of the FEDERAL REGISTER and, in cumulated form, in the Code of Federal Regulations. Copies of AIDPR in FEDERAL REGISTER and Code of Federal Regulations form may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C., 20402.

§ 7-1.104-4 AIDPR notices.

AIDPR notices will be used to promulgate temporary, interim, and emergency procurement instructions. Such notices will be prepared by the Assistant Administrator for Material Resources.

§ 7-1.104-5 Responsibility.

Responsibility for the development and maintenance of AIDPR is assigned to the Assistant Administrator for Material Resources and, under him, to the Associate Assistant Administrator for Material Resources (Procurement) or such other officer as the Assistant Administrator may designate. Amendments and revisions will be prepared in coordination with the heads of AID/Washington procuring activities, the

General Counsel, and such other offices as may be appropriate.

§ 7-1.105 Arrangement.

§ 7-1.105-1 Citation.

Any section of AIDPR may be identified by "AIDPR" followed by the section number. Only those sections of the regulations which have been published in the *FEDERAL REGISTER* may properly be incorporated in contracts by reference. In such references, the sections may be cited as "41 CFR" followed by the section number, as "41 CFR 7-1.105-1".

§ 7-1.106 Implementation within AID procuring activities.

The heads of the various AID procuring activities may issue operating instructions and procedures consistent with FPR, AIDPR, and other Agency regulations, policies, and procedures for application within their organizations. One copy of each such issuance shall be forwarded to the Associate Assistant Administrator for Material Resources (Procurement). Insofar as possible, such material will be numerically keyed to the AIDPR.

§ 7-1.107 Deviation.

(a) Deviation (as defined in FPR 1-1.009-1) from the FPR and AIDPR shall be controlled as follows:

(b) Requests for deviation may be initiated by the heads of AID contract offices. Such requests will cite the specific part or section of FPR or AIDPR from which it is desired to deviate, shall set forth the nature of the deviation, and shall give the reasons why such action is considered necessary or desirable. Requests shall be submitted, subject to such clearances and approvals as may be required by the procuring activity, to the Associate Assistant Administrator for Material Resources (Procurement) for comment.

(c) Assistant Administrators with cognizance over the procuring activities, including one principal deputy designated by each, may approve deviations. Approval will be granted only when exceptional and special circumstances indicate that such action is clearly in the best interest of the Government. A record of the nature of each such deviation, the justification for it, and the approval will be included in the contract file. A copy of such record will be forwarded without delay to the Associate Assistant Administrator for Material Resources (Procurement), who is responsible for maintaining a central record of all deviations that are granted.

Subpart 7-1.2—Definition of Terms

§ 7-1.202 Executive agency.

"Executive agency" includes the Agency for International Development (AID) and its predecessor agencies, including the International Cooperation Administration.

§ 7-1.204 Head of the agency.

"Head of the agency" means, for AID, the Administrator, Deputy Administrator, Assistant Administrator for Admini-

stration, Assistant Administrator for Material Resources, the Assistant Administrators in charge of regional bureaus, and the U.S. Coordinator and the Deputy U.S. Coordinator for the Alliance for Progress.

§ 7-1.205 Procuring activity.

The procuring activities within AID are (1) the AID/Washington procuring activities, which are the regional bureaus, the General Services Division, the Contract Services Division; and (2) the overseas field activities with procurement authority, which include the Missions.

§ 7-1.206 Head of the procuring activity.

The heads of the procuring activities within AID are the Assistant Administrators in charge of regional bureaus, the U.S. Coordinator and the Deputy U.S. Coordinator for the Alliance for Progress, the Assistant Administrator for Administration, the Assistant Administrator for Material Resources, and mission directors or other officers in charge of overseas field activities with procurement authority.

§ 7-1.209 Procurement.

"Procurement" excludes contracts made by or in the name of an AID borrower or grantee.

§ 7-1.251 AID.

"AID" means the Agency for International Development and its predecessor agencies, including the International Cooperation Administration (ICA).

§ 7-1.252 Administrator.

"Administrator" means the Administrator or Deputy Administrator of the Agency for International Development.

§ 7-1.253 Assistant Administrator.

"Assistant Administrator" means an Assistant Administrator in the Agency for International Development and the U.S. Coordinator and the Deputy U.S. Coordinator for the Alliance for Progress.

§ 7-1.254 Borrower, grantee, borrower/grantee.

These terms refer to borrowers, grantees, or borrowers and grantees under programs administered by AID.

§ 7-1.255 Cooperating country.

"Cooperating country" means a foreign country in which there is a program or activity administered by AID.

§ 7-1.256 Foreign Assistance Act.

"Foreign Assistance Act" means the Foreign Assistance Act of 1961, as amended (22 U.S.C., chapter 32).

§ 7-1.257 Government, Federal, State, local and political subdivisions.

As used in FPR and AIDPR, these terms do not refer to foreign entities except as otherwise stated.

§ 7-1.258 Mission.

"Mission" means the AID mission or the principal AID office or representa-

tive (including an embassy designated to so act) in a foreign country in which there is a program or activity administered by AID.

§ 7-1.259 Overseas.

"Overseas" means outside the United States, its possessions, and Puerto Rico.

Subpart 7-1.3—General Policies

§ 7-1.305 Specifications.

Section 1414 of the AID Manual tells the Missions about sources of information and assistance on specifications and standards.

§ 7-1.305-2 Exceptions to mandatory use of Federal Specifications.

In addition to the exceptions stated in FPR 1-1.305-2, Federal Specifications need not be used if their use is not consistent with conditions or program objectives in a cooperating country.

§ 7-1.305-3 Deviations from Federal Specifications.

Deviations from Federal Specifications will be handled as provided in AIDPR 7-1.107. Each Assistant Administrator with cognizance over a procuring activity is responsible for assuring compliance with the policies stated in the Federal Procurement Regulations. The Assistant Administrator for Material Resources (Procurement) will coordinate AID efforts and activities in this regard and will provide a central liaison with the General Services Administration. Except as an Assistant Administrator with cognizance over a procuring activity directs otherwise, the procedure in FPR 1-1.305-3 is not to be followed for cases which fall within the exceptions described in AIDPR 7-1.305-2 as well as in FPR 1-1.305-2.

§ 7-1.306 Standards.

Section 1414 of the AID Manual tells the Missions about sources of information and assistance on specifications and standards.

§ 7-1.306-1 Mandatory use and application of Federal Standards.

The exception stated in AIDPR 7-1.305-2 is also applicable for Federal Standards. Exceptions other than those stated in FPR 1-1.305-2 and AIDPR 7-1.305-2 will be treated within AID in the same manner as deviations from Federal Specifications.

§ 7-1.310 Responsible prospective Contractor.

§ 7-1.310-7 Information regarding responsibility.

The Office of Material Resources and the Office of the Controller will assist Contracting Officers, as requested, in developing and evaluating pertinent information.

§ 7-1.310-10 Performance records.

AID Manual Orders 1423.9 and 1423.10 set up an internal Contractor performance reporting system. Copies of the reports on Contractor performance and evaluation will be furnished by the procuring activities to the Assistant Admin-

istrator for Material Resources, who will maintain central records of Contractor past performance.

§ 7-1.311 Priorities, allocations, and allotments.

The program referred to in FPR 1-1.311 is not generally applicable to AID procurement.

§ 7-1.313 Records of contract actions.

An Individual Procurement Action Report (IPAR) form shall be used both as a record for the contract file and as a report of statistical information for each contract and amendment issued by AID/W for the procurement of services or of services and personal property. (See illustration of form in AIDPR 7-16.)

§ 7-1.318 Contracting Officer's decision under a disputes clause.

Decisions should not be issued prior to legal review. In each case, the disputes clause in the contract must be examined before a decision is issued. There are contracts for which AID has administrative responsibility which designate an official other than the Contracting Officer to make the decision. In such cases, the decision must be made by the designated officer, or the legal successor to the office, unless the contract is modified to provide for a decision by the Contracting Officer. The AID contract appeal procedure is in Part 7-60 of AIDPR. The paragraph set forth in FPR 1-1.318 may be modified, as appropriate, with the title "Administrator" inserted in the blank space, unless the right of appeal is to an officer other than the Administrator.

Subpart 7-1.4—Procurement Responsibility and Authority

§ 7-1.400 Scope of subpart.

This subpart describes the procurement responsibilities and authorities in AID.

§ 7-1.451 Procuring activities.

§ 7-1.451-1 General.

Except as otherwise prescribed, the head of each procuring activity (as defined in AIDPR 7-1.206) is responsible for the procurement of supplies and services under or assigned to the procurement cognizance of his activity. The heads of AID/Washington procuring activities are vested with broad authority to carry out the programs and activities for which they are responsible. This authority includes procurement and the establishment of procurement policies, procedures, and standards appropriate for their programs and activities, subject to Government-wide and AID requirements and restrictions. See AIDPR 7-1.106.

§ 7-1.451-2 Designation of Contracting Officers.

The head of each procuring activity is authorized, except as limited in delegations of authority, regulations, or otherwise, to designate Contracting Officers. Copies of delegations and designations, and terminations thereof, will be furnished to the Assistant Adminis-

trator for Material Resources and to the Assistant Administrator for Administration, each of whom will keep a current record of all officers and individuals authorized to act as AID Contracting Officers.

§ 7-1.451-3 AID/Washington procuring activities.

The procuring activities located in Washington are the regional bureaus, the General Services Division, and the Contract Services Division. Subject to delegations of authority from the Administrator, the regional bureaus are responsible for procurement related to programs and activities for their areas. There are 4 regional bureaus. The regions for which they are responsible are: Near East-South Asia, Africa, Far East, and Latin America. They are headed by Assistant Administrators of AID (For the purpose of AIDPR, the Bureau for Latin America is headed by the U.S. Coordinator and the Deputy U.S. Coordinator of the Alliance for Progress.) The General Services Division, which is under the Assistant Administrator for Administration, carries out administrative and program support procurements. The Contract Services Division, which is under the Assistant Administrator for Material Resources, carries out all other procurements which do not fall within the responsibility of the other procuring activities or which are otherwise assigned to it, including programs for which the Office of Technical Cooperation and Research has responsibility. General delegations to AID/Washington procuring activities are published in the FEDERAL REGISTER and in chapter 100 of the AID Manual.

§ 7-1.451-4 Limitation on overseas field procuring activities.

Missions (as defined in AIDPR 7-1.258) are overseas procuring activities. Their authority, except in the case of contracts with individuals for the services of the individual alone, is limited to contracts which, with amendments, do not involve AID financing above \$25,000 (in dollars or equivalent). Where circumstances warrant, this limitation may be waived by the Assistant Administrator in charge of a regional bureau, or his designate, who will formally notify the Assistant Administrator for Material Resources and the Assistant Administrator for Administration of such waivers (and their rescission) and will furnish to them a copy of each waiver with the regional Assistant Administrator's, or his delegate's, written finding that the affected overseas field procuring activity possesses the necessary skills to exercise properly the authority granted.

§ 7-1.452 Contracting Officers.

§ 7-1.452-1 Authority.

Within the limits of delegations and designations, Contracting Officers are authorized to negotiate, execute, amend, terminate, and take other actions with respect to contracts.

§ 7-1.452-2 Responsibilities.

Contracting Officers will personally sign all contractual documents for which they are responsible. They are responsible for their acts as Contracting Officers and must assure themselves that actions proposed to be taken by them are authorized by law and conform to the applicable authorizing documents, that funds are available, that all required clearances and approvals are obtained, and that their actual authority encompasses all of their undertakings.

§ 7-1.453 Procurement policy.

§ 7-1.453-1 General.

AID places the greatest possible authority to procure and to set policy and standards for procurement in the Assistant Administrators who are responsible for operations. At the same time, AID follows procurement policies and practices generally established in Government procurement except as they are not adapted to the special needs of the Foreign Assistance program or AID's staffing structure.

§ 7-1.453-2 Assistant Administrator for Material Resources.

Within the principles stated above, and subject to the direction of the Administrator, the Assistant Administrator for Material Resources is responsible for the development and maintenance of necessary uniform procurement policies, procedures, and standards; for providing assistance to the procuring activities as appropriate; for keeping the Administrator and Executive Staff fully informed on procurement matters which should be brought to their attention; and for making recommendations as appropriate.

§ 7-1.454 Controller.

The Controller of AID is responsible for the provision of necessary financial advisory, audit, disbursement, and other fiscal services required in connection with AID procurement.

§ 7-1.455 General Counsel.

The General Counsel is responsible for provision of necessary legal services in connection with AID procurement.

Subpart 7-1.5—Contingent Fees

§ 7-1.507 Use of Standard Form 119.

§ 7-1.507-3 Exceptions.

The exception stated in FPR 1-1.507-3(f) for contracts to be made in foreign countries will not be used.

Subpart 7-1.6—Debarred, Suspended, and Ineligible Bidders

§ 7-1.600 Scope of subpart.

See also AID Regulation 8, which is published as Part 208 of Title 22 of the Code of Federal Regulations and is also set out as AID Manual Order 1414.13. Regulation 8 applies to certain transactions financed by AID which do not fall within the coverage of AIDPR as described in AIDPR 7-1.103. The terms of actions taken against suppliers under Regulation 8 will be applied to those sup-

pliers with respect to procurements covered by AIDPR.

§ 7-1.602 Establishment and maintenance of a list of firms or individuals debarred, suspended, or declared ineligible.

The Associate Assistant Administrator for Material Resources (Procurement) will establish and maintain the consolidated list required by FPR 1-1.602.

§ 7-1.602-1 Bases for entry on the debarred, suspended, and ineligible list.

Persons named on the "List of Ineligible Suppliers" established by Regulation 8 will also be included on the consolidated list required by FPR 1-1.602. The basis for so including debarred firms is FPR 1-1.602-1(d). The basis for so including suspended firms is FPR 1-1.602-1(f). The consolidated list will indicate that the firm is included because it is on the Regulation 8 list.

§ 7-1.604 Causes and conditions applicable to determination of debarment by an executive agency.

With reference to FPR 1-1.604(b) (1) and FPR 1-1.604(c) (1), authority to approve, remove, or reduce the period of debarment is limited to the Administrator, Deputy Administrator, and Assistant Administrator for Material Resources.

§ 7-1.605 Suspension of bidders.

§ 7-1.605-2 Period and scope of suspension.

Suppliers suspended because they have been suspended under Regulation 8 will remain suspended for the period that their Regulation 8 suspension is in effect.

§ 7-1.605-3 Restrictions during period of suspension.

Determinations called for under FPR 1-1.605-3(a) will be made by the Administrator, by the Deputy Administrator, or by the Assistant Administrator for Material Resources or an officer designated by him.

§ 7-1.605-4 Notice of suspension.

Inquiries concerning suspended Contractors will be referred to the Assistant Administrator for Material Resources.

§ 7-1.606 Agency procedure.

The Assistant Administrator for Material Resources is designated to act for AID and to furnish information as provided in FPR 1-1.606 (b), (c), (d), (e), and (f).

Subpart 7-1.7—Small Business Concerns

§ 7-1.702 Small business policies.

§ 7-1.702-50 Additional AID policy.

Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of the Foreign Assistance Act, AID assists United States small business to participate equitably in the furnishing of supplies and services for Foreign Assistance activities: (1) by causing information to be made available to suppliers in the United States, and particularly small independent enterprises, as far in advance as possible, with

respect to purchases for such activities (see AIDPR 7-1.1001); (2) by causing information to be made available to prospective purchasers in cooperating countries about supplies and services produced by small independent enterprises in the United States; and (3) by providing for additional services to give small business better opportunities to participate in the furnishing of supplies and services for Foreign Assistance activities. The Special Assistant for Small Business, who heads the AID Office of Small Business, coordinates AID's efforts to assist small business.

Subpart 7-1.10—Publicizing Procurement Actions

§ 7-1.1001 General policy.

(a) Section 602 of the Foreign Assistance Act dictates that, to the greatest extent practicable and consistent with the purposes of the Act, information about purchases to be financed under the Act will be made available as far in advance as possible to suppliers in the United States, particularly small independent enterprises.

(b) To carry out this mandate, as well as the purposes stated in FPR 1-1.1001, AID seeks maximum practicable publicity for its procurements through the "Department of Commerce Synopsis" and other media, including publications issued by the AID Office of Small Business.

§ 7-1.1003 Synopses of proposed procurements.

§ 7-1.1003-2 General requirements.

The exemption stated in FPR 1-1.1003-2(a) (7) for personal or professional services may be used only with respect to (1) procurements of personal services; (2) procurements of professional services which do not exceed \$25,000; (3) procurements of professional services made on a sole source basis under which subcontracting or purchasing by the Contractor will not exceed \$5,000; and (4) procurements of professional services with respect to which a Contracting Officer finds and states his supporting reasons in writing that such publication is not in the best interest of the Government, taking into consideration the policies stated in FPR 1-1.1001 and AIDPR 7-1.1001.

§ 7-1.1003-7 Preparation and transmittal.

(a) The notice should state if the procurement will be limited to commercial sources or not. Language substantially as follows should be used as appropriate: "Procurement will be limited to commercial sources" or "Noncommercial, non Federal sources are not excluded from consideration".

(b) Notices of sole source procurements may be provided substantially as follows:

(1) For unsolicited proposals:

Negotiations will be conducted with (Name and address of firm) for (Description of articles or services) on the basis of an unsolicited proposal submitted by this firm. This notice is issued for the information of prospective subcontractors.

(2) For other sole source procurements:

Negotiations will be conducted with (Name and address of firm) for (Description of articles or services). This notice is issued for the information of prospective subcontractors. No RFP is available.

PART 7-2—PROCUREMENT BY FORMAL ADVERTISING

Subpart 7-2.4—Opening of Bids and Award of Contract

Sec.
7-2.406-3 Other mistakes disclosed before award.
7-2.406-4 Disclosure of mistakes after award.
7-2.407 Award.
7-2.407-6 Equal low bids.

AUTHORITY: The provisions of this Part 7-2 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-2.4—Opening of Bids and Award of Contract

§ 7-2.406-3 Other mistakes disclosed before award.

The Assistant Administrator for Material Resources is the designated central authority to make the determinations described in FPR 1-2.406-3.

§ 7-2.406-4 Disclosure of mistakes after award.

The Assistant Administrator for Material Resources is the designated central authority to make the determinations described in FPR 1-2.406-4.

§ 7-2.407 Award.

§ 7-2.407-6 Equal low bids.

FPR 1-2.407-6 does not apply to procurements by overseas procuring activities when equal low bids are submitted by foreign suppliers and the contract is to be performed outside the United States, its possessions, and Puerto Rico.

PART 7-3—PROCUREMENT BY NEGOTIATION

Subpart 7-3.1—Use of Negotiation

Sec.
7-3.101 General requirements for negotiation.
7-3.101-50 Noncompetitive negotiations.
7-3.102 Factors to be considered in negotiating contracts.
7-3.102-50 Adaptability to overseas conditions.
7-3.103 Dissemination of procurement information.

Subpart 7-3.2—Circumstances Permitting Negotiation

7-3.200 Scope of subpart.
7-3.200-50 Negotiation authority.
7-3.204 Personal or professional services.
7-3.205 Services of educational institutions.
7-3.211 Experimental, developmental, or research work.
7-3.212 Purchases not to be publicly disclosed.
7-3.213 Technical equipment requiring standardization and interchangeability of parts.
7-3.215 Otherwise authorized by law.

Subpart 7-3.3—Determinations, Findings, and Authorities

- Sec.
7-3.305 Form and requirements of determinations and findings.
7-3.308 Preservation of data.

Subpart 7-3.6—Small Purchases

- 7-3.600 Scope of subpart.
7-3.604-3 Agency responsibilities.
7-3.604-5 Limitations.

Subpart 7-3.8—Price Negotiation Policies and Techniques

- 7-3.805 Selection of offerors for negotiation and award.
7-3.805-1 General.
7-3.807-3 Cost and pricing data.

Subpart 7-3.9—Subcontracting Policies and Procedures

- 7-3.903 Review and approval of Contractor's purchasing system and subcontracts.
7-3.903-2 Review and approval of subcontracts.

AUTHORITY: The provisions of this Part 7-3 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-3.1—Use of Negotiation**§ 7-3.101 General requirements for negotiation.****§ 7-3.101-50 Noncompetitive negotiations.**

(a) The requirement for securing competition to the maximum practical extent does not require formal solicitation of proposals from more than one prospective offeror for architect-engineer services (see AIDPR 7-4.2), for services to be performed by the Contractor in person, for procurements limited to non-profit or government entities without fee, for procurements which do not exceed \$25,000 by an overseas procuring activity, and for procurements with respect to which the Contracting Officer determines there is only one reasonably available source.

(b) In addition, contracts may be negotiated without formal solicitation of proposals from more than one offeror, if the head of the procuring activity (this authority is not delegable except to his chief deputy) makes a written determination, with supporting findings, that procurement on another basis would impair foreign aid objectives and would be inconsistent with fulfillment of the purposes of the foreign aid program. Such determinations and findings shall be included in the contract file.

(c) Consideration of as many sources as is practicable, including informal solicitation to the greatest reasonable extent, is required even though formal solicitation of proposals from more than one offeror is not called for.

(d) The contract file in each case of noncompetitive negotiation will include appropriate explanation and support.

§ 7-3.102 Factors to be considered in negotiating contracts.

Location in a surplus or scarce labor area refers to United States locations only.

§ 7-3.102-50 Adaptability to overseas conditions.

In addition to the factors set forth in FPR 1-3.102, AID will consider the adaptability of the prospective Contractor and its employees to employment and residence in the overseas location or locations where work is to be performed.

§ 7-3.103 Dissemination of procurement information.

See also AIDPR Subpart 7-1.10.

Subpart 7-3.2—Circumstances Permitting Negotiation**§ 7-3.200 Scope of subpart.****§ 7-3.200-50 Negotiation authority.**

(a) All negotiated AID contracts are negotiated under the authority of section 633 of the Foreign Assistance Act of 1961, as amended, and Executive Order 11223, May 12, 1965, 30 F.R. 6635 (see FPR 1-3.215). Contracts will not be negotiated, however, unless they fall within one of the circumstances permitting negotiation enumerated in FPR 1-3.201-1-3.214, which will be identified in the contract file, with support as called for or as otherwise appropriate. (See FPR 1-1.313 and AIDPR 7-1.313 with regard to the contract file.)

(b) For purpose of the contract file, if supplies and services are procured and used outside the United States, FPR 1-3.206 will be the pertinent supporting citation. All university contracts with U.S. educational institutions will be treated under FPR 1-3.205 for this purpose. Most other negotiated contracts for training and professional advice and assistance will fall within the scope of FPR 1-3.204 and 1-3.210.

§ 7-3.204 Personal or professional services.

Prior clearance with the General Services Administration is not required with respect to buildings or improvements located outside the United States.

§ 7-3.205 Services of educational institutions.

Prior authorization must be obtained from the Administrator for negotiation of research or other contracts in connection with "Development Research" under section 241 of the Foreign Assistance Act of 1961, as amended.

§ 7-3.211 Experimental, developmental, or research work.

Prior authorization must be obtained from the Administrator for negotiation of research or other contracts in connection with "Development Research" programs under section 241 of the Foreign Assistance Act of 1961, as amended. Negotiation of contracts which are of the kind described in FPR 1-3.211 and which do not fall within the scope of FPR 1-3.205 require prior authorization from the head of the agency, including any Assistant Administrator (see FPR 1-1.204 and 1-3.303). The reporting requirement stated in FPR 1-3.211(c) does

not apply because all AID negotiated contracts are negotiated pursuant to section 633 of the Foreign Assistance Act of 1961, as amended, and Executive Order 11223, May 12, 1965, 30 F.R. 6635.

§ 7-3.212 Purchases not to be publicly disclosed.

The determination may be made by the head of the agency, including any Assistant Administrator (see FPR 1-1.204 and 1-3.303).

§ 7-3.213 Technical equipment requiring standardization and interchangeability of parts.

The determination and findings may be made by the head of the agency, including any Assistant Administrator (see FPR 1-1.204 and 1-3.303).

§ 7-3.215 Otherwise authorized by law.

See AIDPR 7-3.200-50.

Subpart 7-3.3—Determinations, Findings, and Authorities**§ 7-3.305 Form and requirements of determinations and findings.**

AID has not prescribed forms for detailed determinations and findings.

§ 7-3.308 Preservation of data.

Determinations and findings will be kept in the contract file.

Subpart 7-3.6—Small Purchases**§ 7-3.600 Scope of subpart.**

The \$2,500 ceiling applies to the cost of supplies and services, exclusive of the cost of transportation and other accessorial costs if their destination is outside the United States.

§ 7-3.604-3 Agency responsibilities.

Each overseas procuring activity is responsible for developing instructions for the guidance of its personnel and procedures which are adapted to local requirements and which conform with and implement FPR 1-3.604. They will identify the specific documentation required to support each imprest fund transaction, which will include an itemized receipt from the vendor in accordance with FPR 1-3.604-6(c) and, when appropriate, a certificate of inspection or manufacturer's guarantee or warranty.

§ 7-3.604-5 Limitations.

Exceptions or additions are in effect for certain overseas procuring activities. Requests by overseas procuring activities for further exceptions or additions will be addressed to the Director, General Services Division, AID/Washington, for coordination with General Services Administration and the Treasury Department.

Subpart 7-3.8—Price Negotiation Policies and Techniques**§ 7-3.805 Selection of offerors for negotiation and award.****§ 7-3.805-1 General.**

See AIDPR Subpart 7-4.2 regarding architect-engineer services.

§ 7-3.807-3 Cost and pricing data.

Requirements for cost or pricing data: Contracts with nonprofit educational institutions for overseas technical assistance or for research work will be treated the same for this purpose as basic research contracts with such institutions. The head of the agency includes any Assistant Administrator.

Subpart 7-3.9—Subcontracting Policies and Procedures

§ 7-3.903 Review and approval of Contractor's purchasing system and subcontracts.

§ 7-3.903-2 Review and approval of subcontracts.

AID service Contractors are required to obtain advance approval of subcontracts under cost-reimbursement contracts and in other situations where the cost or terms of the subcontract may affect the cost to the Government of the prime contract. Advance approval may also be required where AID's concern about the quality of performance is sufficient to require it. Advance approval is required in all cases where the subcontractor will perform services overseas.

PART 7-4—SPECIAL TYPES AND METHODS OF PROCUREMENT

Subpart 7-4.2—Architect-Engineer Services

- Sec.
- 7-4.200 Scope of subpart.
 - 7-4.201 Policy.
 - 7-4.202 Contractors' Index.
 - 7-4.203 Selection of architect-engineers.
 - 7-4.203-1 Selection panel.
 - 7-4.203-2 Preselection memorandum.
 - 7-4.203-3 Simplified procedures for procurement estimated to cost \$50,000 or less.
 - 7-4.203-4 Continuation of contracts.
 - 7-4.204 Negotiation procedures.
 - 7-4.204-1 Conduct of negotiations.
 - 7-4.204-2 Statement of work.
 - 7-4.204-3 Proposal.
 - 7-4.204-4 Independent Government estimate.
 - 7-4.205 Contracting with architect-engineer firms for construction work.
 - 7-4.205-1 Policy.
 - 7-4.205-2 Procedure.
 - 7-4.205-3 Exceptions.
 - 7-4.206 Eligibility for design and supervision work of architect-engineers who perform preliminary studies.

Subpart 7-4.51—Mission Procurements Under Master Contracts

- 7-4.5100 General.
- 7-4.5101 Motion pictures and film strips.
- 7-4.5102 Books.

Subpart 7-4.52—Procurement of Technical Assistance From U.S. Carriers

- 7-4.5200 Policy.

Subpart 7-4.53—Procurement Under the AID Research and Analysis Program

- 7-4.5300 General.
- 7-4.5301 Unsolicited proposals.

Subpart 7-4.54—Procurement by Barter-Commodity Credit Corporation

- 7-4.5400 General.

Subpart 7-4.55—Pharmaceutical Products

- Sec.
- 7-4.5500 General.

AUTHORITY: The provisions of this Part 7-4 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-4.2—Architect-Engineer Services

§ 7-4.200 Scope of subpart.

This subpart prescribes policy and procedures for the procurement by contract of the services of architects and engineers for the preparation of designs, plans, drawings, specifications, and cost estimates, and for supervision and inspection services. Such services are referred to as architect-engineer services, and term "architect-engineer" refers to architects and to engineers and to architect-engineer firms engaged to perform architect-engineer services.

§ 7-4.201 Policy.

AID follows established U.S. Government policy and practice in the procurement of architect-engineer services under direct contract. The selection of an architect-engineer is not based on price competition, but rather on the professional qualifications necessary for satisfactory performance of the services required, subject to distribution of contracts among as many qualified firms as is consistent with prompt and effective performance and subject to the prohibition stated in AIDPR 7-4.205 against engaging a Contractor which wishes to be eligible to perform construction work on the facility or facilities for which the architect-engineer services are required.

§ 7-4.202 Contractors' Index.

A Contractors' Index is maintained in Washington by the AID Office of Small Business. Architect-engineers wishing to perform contracts for AID should file AID Form 12-53(6-62) with that office and should attempt to keep information so filed up-to-date. Architect-engineers who have not done so but who are interested in specific future procurements about which notice has been given should submit the form with their indication of interest or proposal. Procurements are publicized in the "Department of Commerce Synopsis," as provided in FPR 1-1.10 and AIDPR 7-1.10.

§ 7-4.203 Selection of architect-engineers.

§ 7-4.203-1 Selection panel.

(a) Selection of architect-engineers is made by the head of the procuring activity or his delegate, upon recommendation of a formally constituted selection panel. After considering a preselection memorandum (see AIDPR 7-4.203-2) submitted to it by the project engineer, the selection panel will recommend, in order of preference, a minimum, if possible, of three firms for approval for contract negotiations. The recommendation of the panel will be stated in a report to the head of the procuring activity or his delegate.

(b) The Office of Material Resources, the Office of Engineering, and other cen-

tral staff offices which have an interest such as the Industrial Development, Transportation and Housing Service in the Office of Technical Cooperation and Research, will be invited to observe and participate through a representative, if they desire, in the deliberations of the panel on a non-voting basis.

(c) The selection panel report on each case will state its recommendations, the basis for such recommendations, and the agreement or disagreement of the panel members and others who participated in the discussion or submitted written comments. Copies will be forwarded to interested offices. The head of the procuring activity or his delegate may approve it and transmit it to the Contracting Officer, or he may disapprove it and return it to the panel with an explanation and a request for further action.

§ 7-4.203-2 Preselection memorandum.

(a) The preselection memorandum prepared by the procuring activity will list the maximum number of qualified architect-engineers practicable from data contained in the Contractors' Index (see AIDPR 7-4.202), and from other information which may be available, including responses to notices in the Department of Commerce Synopsis and other actions taken to publicize proposed procurements. The preselection memorandum will, to the extent practicable, recommend at least three of the listed architect-engineers for consideration based on these and such other factors as may be pertinent:

(1) Specialized experience in the type of work required.

(2) Past record in performing work for AID, for other Government agencies, and for other clients, including performance from the standpoint of costs, quality of work, and ability to meet schedules.

(3) The value of contracts previously executed with the architect-engineer under AID funding. When two or more architect-engineers are determined to be equally qualified, preference will be given to the one which has previously received the least AID funded business.

(4) Ability to assign an adequate number of qualified key personnel from the organization, including a competent supervising representative having considerable experience in responsible positions on work of a similar nature.

(5) The portions of the work the architect-engineer is able to perform with its own forces when required.

(6) Ability of the architect-engineer to furnish or to obtain required materials and equipment.

(7) Familiarity with the locality where the project is situated.

(8) Financial capacity.

(9) Responsibility of the architect-engineer under standards provided in FPR 1-1.310.5. (No contract may be awarded to a Contractor which does not meet these standards.)

(b) Preselection memorandums will be signed by the project engineer and forwarded to the panel members and to the Associate Assistant Administrator for Material Resources (Procurement), the

Office of Engineering, the Office of Technical Cooperation and Research, the Controller, the General Counsel, and such other interested offices inside and outside the procuring activity as may be appropriate, all of whom will have a reasonable time to comment before the panel acts.

(c) The preselection memorandum will state if the firm's facility has been visited for the purpose of evaluation. It will identify when and by whom the evaluation report was made, and if the report is not attached, it will state where the report can be obtained. If such a survey has not been made, it will state that one will be necessary, or with supporting reasons, that one will not be necessary before an award is made.

§ 7-4.203-3 Simplified procedures for procurement estimated to cost \$50,000 or less.

Selection panel action will not be required for procurements estimated to cost \$50,000 or less. Unless the procuring activity prescribes further review procedures, the preselection memorandum will state an order of preference for the Contracting Officer to follow. The memorandum will be given the same distribution as for cases which require panel consideration (see AIDPR 7-4.203-2(b)), and a reasonable time will be allowed for comments from addressees.

§ 7-4.203-4 Continuation of contracts.

In the case of an existing architect-engineer contract which the procuring activity wishes to extend and where no substantial expansion of the scope of work is involved, a detailed preselection memorandum and formal selection panel consideration will not be required. If the estimated cost of the extension exceeds \$25,000, the project engineer, or other designated officer, will transmit a memorandum to the selection panel, with further distribution as described in AIDPR 7-4.203-2(b), which justifies the proposed continuation and includes:

(a) Findings on performance of the Contractor to date.

(b) A statement of the consequences (favorable and unfavorable) on accomplishment of program objectives, of selecting a new firm for continuation of the project in place of the current Contractor.

(c) A statement of the extent to which objectives of the project have been attained by the termination date of the existing contract and an estimate of the date after which the services will no longer be required.

The recipients will be given a reasonable time to state objections, comments, or recommendations. If there are objections or recommendations inconsistent with the proposed extension, the matter will be referred to the head of the procuring activity or his delegate.

§ 7-4.204 Negotiation procedures.

§ 7-4.204-1 Conduct of negotiations.

(a) FPR 1-3.8 states the generally applicable negotiation policies and techniques, with the exception of FPR 1-

3.805-1, which does not apply to architect-engineer services.

(b) Negotiations are conducted initially with the architect-engineer given first preference under the procedures set forth in AIDPR 7-4.203. If reasonable efforts to reach agreement fail, the negotiations with that architect-engineer are terminated. Negotiations are then started with the next architect-engineer on the list, and so on until an agreement is reached. If the list is exhausted, the Contracting Officer will request further instructions from the officer who transmitted the memorandum to him. In panel cases, that officer will go back to the panel for further recommendations unless he decides to drop the procurement.

§ 7-4.204-2 Statement of work.

Before a request for a formal proposal is issued, or negotiations are started, whichever is earlier, the chief engineer of the procuring activity, or other designated officer, will provide the Contracting Officer with a detailed statement of work.

§ 7-4.204-3 Proposal.

(a) The Contracting Officer will furnish the selected architect-engineer with a request for a formal proposal for doing the work, unless one has been received before selection.

(b) Wherever possible, the proposal will cover technical matters and price or cost. If a price or cost proposal cannot reasonably be obtained with the technical proposal, it will be obtained as soon as possible thereafter. The architect-engineer will be required to submit a cost breakdown in all cases, and also, if FPR 1-3.807-3 is applicable, the required cost or pricing data and certificate of current cost or pricing data.

§ 7-4.204-4 Independent Government estimate.

(a) Before the architect-engineer's price or cost proposal is opened, the chief engineer of the procuring activity, or other designated officer, will provide the Contracting Officer with a signed and dated Government cost estimate prepared independently of the architect-engineer. The estimate will be based on and include support from Corps of Engineers' curves, or other curves approved by the Chief, Office of Engineering, or on a detailed cost analysis.

(b) If the proposal is not reasonable when compared with the independent Government estimate, an attempt will be made to identify and reconcile differences. If the architect-engineer does not provide information deemed necessary by the Contracting Officer for the reconciliation of any identifiable differences which would lead to agreement, the negotiations will be terminated.

(c) When negotiations disclose errors of fact or judgment in a Government estimate, the estimate will be revised. In every case when initial or interim Government estimates are revised up or down, the basis for revision will be explained in the contract file. Award will not be made unless: (1) The Govern-

ment estimate equals or exceeds the negotiated price, or (2) in the case of deletions, which must be considered separately, the negotiated credit is equal to or exceeds the Government estimate, or (3) a complete statement is placed in the file justifying award at a cost in excess of the estimate.

(d) Whenever the architect-engineer's proposal is considerably less than the Government estimate, the Contracting Officer will assure that there is complete understanding as to the scope of work.

§ 7-4.205 Contracting with architect-engineer firms for construction work.

§ 7-4.205-1 Policy.

Except as provided in AIDPR 7-4.205-3, the award of a contract for architect-engineer services for a particular facility and the award of a contract for the related construction work to the same Contractor, its subsidiaries, or affiliates is prohibited. Accordingly, bids or proposals for the construction of a facility will not be solicited from the firm furnishing architect-engineer services for that facility, its subsidiaries, or affiliates; and unsolicited bids or proposals from that firm, its subsidiaries, or affiliates will not be considered.

§ 7-4.205-2 Procedure.

Any architect-engineer which the Contracting Officer knows to possess construction capabilities, either within its own organization or through subsidiaries or affiliates, and which is selected for negotiation of an architect-engineer contract under the procedures set forth in AIDPR 7-4.203, will be advised, before negotiations begin, of the policy set forth in AIDPR 7-4.205-1. The architect-engineer will have the option of:

(a) Declining to enter into contract negotiations in order to be eligible to compete for the related construction contract; or

(b) Entering into contract negotiations with the clear understanding that, if such negotiations are successful, the firm, its subsidiaries, or affiliates will be ineligible to compete for the related construction contract.

§ 7-4.205-3 Exceptions.

The policy set forth in AIDPR 7-4.205-1 does not apply:

(a) Whenever the head of the procuring activity, before negotiations start, specifically authorizes the use of a cost-plus-a-fixed-fee contract for both the design and the construction of a specialized facility; or

(b) Whenever a contract is awarded on the basis of performance specifications for the construction of a facility, and the contract requires the Contractor to furnish construction drawings, specifications, or site adaptation drawings of the facility.

Requests for authorization, pursuant to paragraph (a) of this section, will be in sufficient detail to establish the need for procuring both design and construction under one contract. In neither of the excepted cases in paragraphs (a) and (b)

of this section will the architect-engineer that prepared the drawings and specifications be engaged to supervise and inspect, on behalf of the Government, the construction of the facility involved.

§ 7-4.206 Eligibility for design and supervision work of architect-engineers who perform preliminary studies.

(a) An architect-engineer selected to make a feasibility study or to perform preliminary engineering for a capital project will not be barred solely because of this fact, from selection for subsequent design, supervision, and inspection services on the project, if otherwise qualified.

(b) An architect-engineer employed for advisory or planning services on a country-wide program or a program of industry-wide scope within a country or as a general consultant to a ministry or government agency may not perform subsequent services which result from recommendations made by it except as the head of a procuring activity provides specific written authority with a statement of supporting reasons.

(c) For the purpose of AIDPR 7-4.206, architect-engineer includes the subsidiaries and affiliates of an architect-engineer.

Subpart 7-4.51—Mission Procurements Under Master Contracts

§ 7-4.5100 General.

AID maintains master contracts for certain types of items. Missions make procurements against these master contracts. Copies of the contracts and instructions regarding their use are provided in section 1425 of the AID Manual.

§ 7-4.5101 Motion pictures and film strips.

See Manual Order 1425.2.

§ 7-4.5102 Books.

See Manual Order 1425.3.

Subpart 7-4.52—Procurement of Technical Assistance from U.S. Carriers

§ 7-4.5200 Policy.

The procurement of technical assistance services from U.S. air carriers is governed by a "Statement of General Policy" issued by the Civil Aeronautics Board and published as Subpart H, Part 399, Title 14 of the Code of Federal Regulations. This "Statement of General Policy" is reproduced with specific directions for internal AID procedures in Manual Order 1425.5.

Subpart 7-4.53—Procurement Under the AID Research and Analysis Program

§ 7-4.5300 General.

As provided in section 241 of the Foreign Assistance Act, AID conducts a research and analysis program that is designed to increase knowledge about the forces and processes related to the economic growth and social modernization

of developing countries, to create and explore improved technical materials and methods useful for economic and social development, and to evolve and adapt scientific methods of analysis, using a quantitative approach wherever possible, for predicting and assessing the results of AID programs and for the comparison of alternatives. The research and analysis program is directed and administered by the Science Director, Office of Technical Cooperation and Research, Agency for International Development, Washington, D.C., 20523, from whom further information, including a publication entitled "Contract Program in Research and Analysis", can be obtained. The procuring activity to which this program is assigned is the Contract Services Division, AID/Washington.

§ 7-4.5301 Unsolicited proposals.

In the selection of Contractors, competition must be sought to the maximum extent practicable. Unsolicited proposals are welcomed, however, and care will be exercised by the Government not to disclose to third parties any proprietary information contained in them. While an offeror who submits such a proposal is not necessarily entitled to preferential treatment because of his submission of an unsolicited proposal, a contract may be awarded to the offeror without consideration of other sources where he is qualified and the purpose of the contract is to explore an unsolicited proposal which offers significant scientific or technical promise, represents the product of original thinking, and was submitted in confidence.

Subpart 7-4.54—Procurement by Barter-Commodity Credit Corporation

§ 7-4.5400 General.

Section 303 of the Agricultural Trade and Development Act of 1954 (Public Law 489) requires "to the maximum extent practicable, barter or exchange (of) agricultural commodities owned by the Commodity Credit Corporation for * * * materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs". AID favors the use of such barter arrangements in the procurement of AID-financed supplies from non-U.S. sources when dollars would otherwise be used to procure such supplies from non-U.S. sources. Applicable policies and procedures are stated in Manual Order 1144.1.

Subpart 7-4.55—Pharmaceutical Products

§ 7-4.5500 General.

Section 606(c) of the Foreign Assistance Act bars procurement by the Government of drug and pharmaceutical products manufactured outside the United States if their manufacture involves the use of or is covered by an unexpired U.S. patent which has not been held invalid by an unappealed or unappealable court decision unless the manufacture is expressly authorized by

the patent owner. Applicable policies and procedures are stated in Manual Order 1415.2.

PART 7-5—SPECIAL AND DIRECTED SOURCES OF SUPPLY

Subpart 7-5.3—Excess Personal Property

Sec.

7-5.300 Scope of subpart.

Subpart 7-5.50—Foreign Economic Assistance Procurements by, Through, and From Other Government Agencies

7-5.7000 Policy.

7-5.5001 Instructions.

AUTHORITY: The provisions of this Part 7-5 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-5.3—Excess Personal Property

§ 7-5.300 Scope of subpart.

See also Manual Orders 1012.6 and 1415.6, which deal with "Excess U.S. Government Property and Stockpile Materials" and "Acquisition of U.S. Government-Owned Excess Property".

Subpart 7-5.50—Foreign Economic Assistance Procurements by, Through, and From Other Government Agencies

§ 7-5.5000 Policy.

The Foreign Assistance Act authorizes procurement by, through, or from other Government agencies, subject to a requirement for use, to the fullest practicable extent, of goods and engineering, and other services from private enterprise on a contract basis. The Foreign Assistance Act directs that in such fields as education, health, housing, and agriculture, the facilities and resources of other agencies are to be used when they are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs. With regard to the purchase of goods, or commodities, AID policy favors assumption of procurement responsibility by borrowers and grantees to the maximum practical extent, but when this is not practical, the preference is for procurement carried out through other Government agencies rather than AID itself.

§ 7-5.5001 Instructions.

General instructions and procedures are stated in chapter 240 of the AID Manual. Agreements with other agencies are set out in chapter 250 of the AID Manual. Instructions on the procurement of specific types of commodities through specified agencies are set out in chapter 1430 of the AID Manual. Instructions for ordering Army training films are in Manual Order 1425.4.

PART 7-6—FOREIGN PURCHASES

Subpart 7-6.1—Buy American Act—Supply and Service Contracts

Sec.

7-6.103 Exceptions.

7-6.103-51 Foreign Assistance Act functions.

Subpart 7-6.2—Buy American Act—Construction Contracts

Sec.
7-6.200 Scope.

Subpart 7-6.51—U.S. Source Restrictions—Services

7-6.5100 General.
7-6.5101 Policies and procedures.

Subpart 7-6.52—U.S. Source Restrictions—Commodities

7-6.5200 General.
7-6.5201 Definitions.
7-6.5201-1 AID Geographic Code.
7-6.5201-2 Commodity.
7-6.5201-3 Free world.
7-6.5201-4 Origin.
7-6.5201-5 Source.
7-6.5201-6 United States.
7-6.5202 Background.
7-6.5203 AID policy.
7-6.5204 Commodities procured under supply contracts.
7-6.5205 Commodities procured under service contracts.
7-6.5206 AID policy and Buy American Act.
7-6.5207 Waivers.
7-6.5208 Contract clauses.

AUTHORITY: The provisions of this Part 7-6 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-6.1—Buy American Act—Supply and Service Contracts

§ 7-6.103 Exceptions.

§ 7-6.103-51 Foreign Assistance Act functions.

In addition to the exception stated in FPR 1-6.103-1 for purchases for use outside the United States, there is an exception for economic assistance functions performed under authority of the Foreign Assistance Act. This exception is stated in Executive Order 11223, dated May 12, 1965 (30 F.R. 6635). U.S. procurement restrictions are applied by AID, however, as shown elsewhere in this part. These restrictions are generally tighter than the Buy American Act. As a general rule, the tighter AID restrictions will be used. In the case of certain procurements for use within the United States, the Buy American provision may be used instead in the interest of uniformity among Federal Agencies procuring for domestic use.

Subpart 7-6.2—Buy American Act—Construction Contracts

§ 7-6.200 Scope.

AID does not enter into contracts for construction in the United States, and FPR 1-6.2 is therefore inapplicable.

Subpart 7-6.51—U.S. Source Restrictions—Services

§ 7-6.5100 General.

AID has issued a uniform set of policies and procedures that govern the geographic source of services procured by borrowers and grantees as well as by AID for overseas activities that are financed with United States dollars rather than foreign currencies. These are stated in Manual Order 1412.1, which is set out below. With regard to policies and procedures on commodities which may be

acquired or financed under service contracts, see AIDPR 7-6.52.

§ 7-6.5101 Policies and procedures.

Manual Order 1412.1, which applies to borrower and grantee procurement as well as to AID procurement, reads as set forth below.

AGENCY FOR INTERNATIONAL DEVELOPMENT MANUAL

Subject: Service Contracting: Geographic Source Requirements.

Order No.: 1412.1.

Transmittal Letter No.: 13:64.

Supersedes: M.O. 1412.1 (TL 13:7), December 12, 1963.

Effective Date: May 13, 1965.

I. Scope:

This manual order states AID policy in regard to eligible sources of procurement for services, program funded wholly or partially in dollars, either by direct AID contact or through AID-financed borrower or grantee procurement. It does not establish policies in regard to the procurement of services which will not be AID-financed or which will be funded wholly by foreign currencies, or criteria for determination of what services shall be AID-financed, or policy or procedure for the procurement of equipment or commodities.

II. Definitions:

A. U.S. firm:

An entity is deemed a U.S. firm if it:

1. Is incorporated or legally domiciled in the United States;
2. Has its principal place of business in the United States; and
3. Is more than 50% beneficially owned by a U.S. firm or firms and/or U.S. citizens.

B. Local firm:

An entity is deemed a local firm if it meets the conditions listed below in subparagraphs 1. and 2. and either 3. or 4., as follows:

1. Is incorporated or legally domiciled in the country in which the services to be procured are to be performed;
2. Has its principal place of business in such country;
3. Is more than 50% beneficially owned by a firm or firms of such country and/or the U.S. and/or by citizens of such country and/or U.S. citizens; or
4. Is determined by the AID Mission to be an integral part of the local economy.

C. Third country firm:

An entity other than a U.S. firm or a local firm shall be considered a firm of the country in which its principal place of business is located.

D. Beneficial Ownership:

1. Beneficial ownership of a firm is presumptively established by the bona fide certification of an appropriate officer thereof as to the citizenship or domicile of the firm's owners.

2. In the case of corporations, the corporate secretary certifies as to beneficial ownership and may presume citizenship or domicile on the basis of a stockholder's record address, provided said secretary further certifies that he knows of no facts which might rebut the presumption regarding any stockholder whose holdings are material to the corporation's qualifications hereunder.

E. Limited Free World:

The limited free world consists of all free world countries not among the countries named in the President's Determination of October 1961, as amended.

III. Policy and Determinations:

A. It is AID's policy to procure or authorize the procurement of AID-financed services from the following types of firms:

1. Where the amount is \$5,000,000 or more, in equal preference:
 - a. U.S. firms;

b. Non-U.S. firms which are, however, at least 95 percent beneficially owned by a U.S. firm or U.S. firms and/or U.S. citizens, and have their principal place of business in the United States or in the country in which the services to be procured are to be performed.

2. Where the amount will be less than \$5,000,000, in equal preference:

a. Firms of the type described in paragraph III.A.1. above;

b. Local firms which—

(1) Have substantial participation in management by U.S. citizens; and

(2) Are beneficially owned at least 30 percent by a U.S. firm or firms and/or citizens and the remainder by a firm or firms and/or citizens of the country in which the services are to be performed;

c. A joint venture of firms of the type listed in subparagraphs 2. a. or b., above, or of one or more such firms with a local firm or firms, provided that the management and responsibility for the joint venture rests with a firm or firms of the type described in said subparagraphs 2. a. or b. having authentic management by U.S. citizens.

B. Services may be procured, or authorized to be procured, from firms other than those specified in paragraph III.A. 1. or 2., as applicable, only upon a written determination (for each contract) by a duly authorized AID official that the proposed procurement will better serve the interests of the United States than procurement from a firm of a type listed in said paragraph III.A. 1. or 2., as appropriate, provided, however, that the regional Assistant Administrators may make continuing determinations (with regard to all or specified categories of contracts for any specified country or countries within their respective regions) that the interests of the United States are best served by permitting procurement of services from local firms in equal preference with firms described in said paragraph III.A. 1. or 2., whichever is applicable.

C. The order of preference for selecting a firm other than one described in paragraph III.A. 1. or 2., as applicable, is as follows:

1. Firms of the type described in paragraphs III.A.2. b. and c., where the services to be procured will be \$5,000,000 or more;
2. Local firms;
3. Firms or combinations of firms of any country or countries of the limited free world;
4. Joint ventures of a firm or firms of the free world with a firm or firms of the limited free world;
5. Any other free world firm;

D. Any determination authorizing procurement of services in excess of \$500,000 from a firm described in paragraphs III.C. 4. or 5. above, must be approved by the Administrator or the Deputy Administrator for Operations. Other determinations to procure or authorize the procurement of services from firms other than paragraph III.A. 1. or 2. firms, as applicable, may be made by the regional Assistant Administrators, without financial limitation. The regional Assistant Administrators may redelegate all or any part of this authority, up to the amount of \$100,000, and may redelegate authority to make determinations necessary to permit procurement of services from a local firm or firms, or any III.A.2. firm, without financial limitation.

E. In exercise of the authority herein provided, the regional Assistant Administrators and their designees, shall request the advice of AA/MR and/or ENGR, as appropriate, where the availability or relative cost of U.S. services is in issue. Documents supporting the proposed determination shall be fur-

nished for comment to AA/MR, and to ENGR when engineering or construction services are involved, in all events not less than two business days in advance of the determination.

IV. Criteria:

In making any determination to procure from other than a section III.A. firm, the authorized AID official shall take into account the following considerations, not listed in order of importance:

- A. Availability and quality of services;
- B. Price;
- C. U.S. balance of payments effect;
- D. Nationality of contractor employees;
- E. U.S. identification;
- F. Foreign policy objectives; and
- G. Willingness to accept a higher proportion of contract payments in local currency.

V. Subcontracts:
The expression of policy contained in section III. is applicable to all AID-financed subcontracts, including sub-subcontracts, etc., and shall be given effect through prime contract provisions, except that:

A. Said prime contracts shall authorize subcontracts with local firms not to exceed a prescribed amount determined or approved by AID, case by case, on the basis of anticipated requirements; and

B. If the prime contractor is other than a paragraph III.A. firm, appropriate subcontract limitations responsive to the needs of the particular case shall be developed and prescribed.

VI. U.S. Management:

Whenever necessary to assure desired U.S. job-site identification with a project, contract specifications and/or other appropriate documents should require an appropriate degree of supervision and management by U.S. nationals.

Subpart 7-6.52—U.S. Source Restrictions—Commodities

§ 7-6.5200 General.

Procurements with foreign assistance dollars are generally restricted to U.S. commodities purchased in the United States. This subpart covers the relevant policy and procedures.

§ 7-6.5201 Definitions.

As used in this subpart, the following terms have the meanings given below.

§ 7-6.5201-1 AID Geographic Code.

"AID Geographic Code" means the number assigned to a country, area, or group of countries or areas in the Geographic Code Book, issued by the Statistics and Reports Division, AID, Washington, and filed with the AID Manual as Manual Order 302.1. Three world-wide codes are referred to in this subpart and standard forms in current use. They are:

000—The United States, as defined in AIDPR 7-6.5201-6.

899—Any area or country in the free world, except the cooperating country as a source of AID financed purchases.

901—Any area or country in the free world, except the cooperating country as a source of AID financed purchases, and the developed countries listed in AIDPR 7-6.5202.

935—Any area or country in the free world, included the cooperating country.

§ 7-6.5201-2 Commodity.

"Commodity" means any form of personal property, including articles, materials, and supplies.

§ 7-6.5201-3 Free world.

"Free world" includes all countries except these places:

- Albania.
- Bulgaria.
- China (Mainland and other Communist-controlled areas), including Manchuria, Inner Mongolia, the provinces of Tsinhai and Sikkang, Sinkiang, Tibet, the former Kwantung Leased Territory, the present Port Arthur Naval Base Area, and Liaoning Province.
- Cuba.
- Czechoslovakia.
- East Germany (Soviet Zone of Germany and the Soviet Sector of Berlin).
- Estonia.
- Hungary.
- Latvia.
- Lithuania.
- North Korea.
- North Viet Nam.
- Outer Mongolia.
- Poland and Danzig.
- Rumania.
- Union of Soviet Socialist Republics.

§ 7-6.5201-4 Origin.

"Origin" means the country in which the commodity has been mined, grown, or through manufacturing, processing, or assembly, produced. A commodity will not be considered to have a U.S. or free world origin if (a) it contains a component which has as its origin a place outside the free world; (b) contains a component imported into the country of production from a free world country other than an authorized source country; and (1) such components were acquired by the producer in the form in which imported; and (2) the total cost of such components (delivered at the point of production) amounts to more than 10 percent, or such other percentage as AID may prescribe, of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale.

§ 7-6.5201-5 Source.

"Source" means the country from which a commodity is shipped to the cooperating country or to such other country (including the United States) for which it is destined. "Source" also means the cooperating country or such other country (including the United States) where the commodity is to be used if the commodity is located there at the time of purchase. Where, however, a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse.

§ 7-6.5201-6 United States.

"United States" means the States, the District of Columbia, Puerto Rico, American Samoa, the Canal Zone, the Virgin Islands, Guam, any areas subject to the complete sovereignty of the United States, and the Trust Territories administered by the United States.

§ 7-6.5202 Background.

AID policy on foreign procurements has a number of roots. These include

the Foreign Assets Control and Cuban Assets Control Regulations, issued by the Treasury Department, which bar procurement from sources outside the Free World. They are published in Parts 500 and 515 of Title 31 of the Code of Federal Regulations. In addition, section 604(a) of the Foreign Assistance Act, as implemented by a Presidential determination of October 18, 1961, as amended (26 F.R. 10543, 27 F.R. 7603), bars procurement, except in limited circumstances, from these developed countries:

Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Luxembourg, Monaco, Netherlands, New Zealand, Norway, South Africa, Spain, Sweden, Switzerland and The United Kingdom.

Subsequent Presidential directives require that no dollar be sent abroad that can be sent instead in the form of U.S. goods and services.

§ 7-6.5203 AID policy.

Commodities procured with U.S. dollars rather than with local currencies for foreign assistance projects will be of United States source and origin.

§ 7-6.5204 Commodities procured under supply contracts.

The following certification must be attached to or endorsed on each invoice presented for payment under all supply contracts for procurement in the United States, and any supply contract which exceeds \$2,500 for procurement outside the United States to which this subpart applies and must be signed by the supplier or his authorized representative:

I (We) hereby certify that the "source" (as defined by AID) of the commodities listed on the attached invoice or invoiced herein is as shown below and that such invoiced commodities were mined, grown, or produced in a country or countries covered by AID Geographic Code _____

I (We) further certify that, to the best of my (our) information and belief, with respect to any produced commodity invoiced, (a) the cost of components (delivered to point of production) acquired by the producer of the commodity in the form in which imported into the country of production from free world countries other than countries covered by AID Geographic Code _____ does not exceed in total cost 10 percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which I (we) make the commodity available for export sale (whether or not financed by AID), and (b) the produced commodity does not contain any components imported from countries not included under AID Geographic Code 899 or prohibited by the Foreign Assets Control (FAC) or Cuban Assets Control (CAC) Regulations of the U.S. Treasury Department, or (c) if AID has excepted the commodity from any of the foregoing requirements, the commodity meets all conditions specified by AID in connection with such exception.

I (We) understand that a false certification made herein may be punishable by law.

Source of commodities _____
Authorized signature of supplier _____
Title _____
Date _____

§ 7-6.5205 Commodities procured under service contracts.

U.S. dollar funded contracts for the performance of services will require a

United States source for all commodities to be delivered under the contract, in whatever form, and for all commodities the cost of which (including charges for use) is subject to reimbursement in U.S. dollars. With respect to any such commodities which cost more than \$2,500 to procure or acquire (including charges for use), a United States origin and an appropriate certificate of source and origin will be required. For cost reimbursement contracts, the certification requirement is generally met by the Contractor furnishing Form AID-281 suppliers' certificates, as provided in the contract. This form is set out in Appendix A to AID Regulation 1 published in part 201, Title 22 of the Code of Federal Regulations, and reproduced in AID Manual Order 1456.1. (Certain AID contracts set a \$5,000 limit below which certificates are not required. Certain contracts also provide for the use of Form AID-280. Unless modified, such requirements govern the contracts in which they appear.)

§ 7-6.5206 AID policy and Buy American Act.

In the case of procurements which are made solely for use within the United States and for which standard Government forms, such as Standard Form 32 (FPR 1-16.901-32), are used, the standard Buy American provision need not be supplemented or superseded by a clause or clauses implementing the more stringent AID policy. The purpose of this exception is to permit uniformity among Federal agencies procuring for domestic use.

§ 7-6.5207 Waivers.

Waiver authorities and procedures are set out in AID Manual Orders 1414.1 and 1414.1.1.

§ 7-6.5208 Contract clauses. [Reserved]

PART 7-7—CONTRACT CLAUSES

Sec.	
7-7.000	Scope of part.
7-7.001	References to "Government".

Subpart 7-7.1—Fixed-Price Supply Contracts

7-7.101	Clauses.
7-7.101-1	Definitions.
7-7.101-14	Buy American Act.
7-7.101-19	Officials not to benefit.
7-7.101-22	Federal, State, and local taxes.
7-7.101-34	Workmen's compensation insurance (Defense Base Act).

Subpart 7-7.6—Fixed-Price Construction Contracts

7-7.602	Additional standardized clauses.
7-7.602-9	Workmen's compensation insurance (Defense Base Act).
7-7.602-10	Federal, State, and local taxes.

AUTHORITY: The provisions of this Part 7-7 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

§ 7-7.000 Scope of part.

A number of standard clauses which appear in AID contracts have not been included in the initial issuance of this Part 7-7. Subsequent revisions will include such clauses. See also the forms included in Part 7-16.

§ 7-7.001 References to "Government".

Whenever it is appropriate, in order to avoid ambiguity or misinterpretation, the words "United States" may be inserted before the word "Government" in a standard clause. Similar clarification may be appropriate for other words which appear in standard clauses, including those which refer to officers of the United States Government.

Subpart 7-7.1—Fixed-Price Supply Contracts

§ 7-7.101	Clauses.
§ 7-7.101-1	Definitions.

As used throughout this contract, the following terms shall have the meanings set forth below:

(a) The term "head of the agency", "Secretary", or "Administrator", as used herein means the Administrator, or Deputy Administrator of the Agency for International Development; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the head of the agency or the Secretary.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(c) Except as otherwise provided in this contract, the term "subcontracts" includes purchase orders under this contract.

§ 7-7.101-14 Buy American Act.

The clause set forth in FPR 1-7.101-14 is not generally included in AID contracts when more stringent source requirements are stated in the contract or when inclusion is not appropriate under FPR 1-6.104-5. (See Executive Order No. 11223, dated May 12, 1965, 30 F.R. 6635). Clauses setting forth the AID source restrictions will be included in AIDPR 7-6.5208 and AIDPR 7-16.

§ 7-7.101-19 Officials not to benefit.

If the procurement is made by an overseas field procurement activity or in other cases where appropriate, the following clause may be substituted for the provision in FPR 1-7.101-19.

UNITED STATES OFFICIALS NOT TO BENEFIT

No member of or delegate to the Congress of the United States of America, or resident commissioner of the United States of America shall be admitted to any share or part of this contract, or to any benefit that might arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

§ 7-7.101-22 Federal, State, and local taxes.

Whenever the FPR clauses are used and it is appropriate, the contract shall contain a provision explaining that the taxes referred to are United States Federal, State, and local taxes.

§ 7-7.101-34 Workmen's compensation insurance (Defense Base Act).

As a general rule, waivers will be obtained for persons employed outside the

United States who are not United States citizens or residents, provided adequate protection will be given such persons. See AIDPR 7-10.402.

Subpart 7-7.6—Fixed-Price Construction Contracts

§ 7-7.602	Additional standardized clauses.
§ 7-7.602-9	Workmen's compensation insurance (Defense Base Act).
See AIDPR 7-7.101-34.	
§ 7-7.602-10	Federal, State, and local taxes.
See AIDPR 7-7.101-22.	

PART 7-8—TERMINATION OF CONTRACTS

Subpart 7-8.1—Definition of Terms

Sec.	
7-8.101	Definitions.
Subpart 7-8.2—General Principles Applicable to the Termination for Convenience and Settlement of Fixed-Price Type and Cost Reimbursement Type Contracts	
7-8.201	General.
7-8.213	Cost principles applicable to the settlement of research and development contracts with educational institutions.

Subpart 7-8.7—Clauses

7-8.700	Scope and applicability of subpart.
7-8.700-2	Applicability.

AUTHORITY: The provisions of this Part 7-8 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-8.1—Definition of Terms

§ 7-8.101 Definitions.

When used in FPR 1-8 or AIDPR 7-8 to describe property, or the owner, title holder, possessor, furnisher, or acquirer of property, "Government" is not limited to the United States Government and may refer to governmental and non-governmental recipients or beneficiaries of assistance.

Subpart 7-8.2—General Principles Applicable to the Termination for Convenience and Settlement of Fixed-Price Type and Cost Reimbursement Type Contracts

§ 7-8.201 General.

The Foreign Aid and Related Agencies Appropriation Act, 1963, and subsequent appropriation Acts, have imposed the following requirement:

None of the funds appropriated or made available pursuant to this Act for carrying out the Foreign Assistance Act of 1961, as amended, may be used for making payments on any contract for procurement to which the United States is a party entered into after the date of enactment of this Act which does not contain a provision authorizing the termination of such contract for the convenience of the United States.

See, for example, section 110 of the Foreign Assistance and Related Agencies Appropriation Act, 1965.

§ 7-8.213 Cost principles applicable to the settlement of research and development contracts with educational institutions.

The same cost principles are used for the same purpose for contracts with educational institutions for technical assistance services provided to or for another country.

Subpart 7-8.7—Clauses

§ 7-8.700 Scope and applicability of subpart.

§ 7-8.700-2 Applicability.

Termination and default clauses for AID cost-reimbursement contracts for services to be performed in whole or part overseas are set out in approved standard contract forms.

PART 7-10—BONDS AND INSURANCE

Subpart 7-10.3—Insurance—General

- Sec.
- 7-10.302 Notice of cancellation or change.
 - 7-10.305 Procedures to be followed in the event of loss or damage to Government property.
 - 7-10.351 Liability insurance for operation of motor vehicles.

Subpart 7-10.4—Insurance Under Fixed-Price Contracts

- 7-10.402 Workmen's compensation insurance overseas.

Subpart 7-10.5—Insurance Under Cost-Reimbursement Type Contracts

- 7-10.502 Types of insurance.
- 7-10.502-1 Workmen's compensation and employers' liability insurance.

AUTHORITY: The provisions of this Part 7-10 issued under sec. 621, 75 Stat. 445, as amended; 12 U.S.C. 2381.

Subpart 7-10.3—Insurance—General

§ 7-10.302 Notice of cancellation or change.

All policies required by AID will provide that in the event of cancellation or change in policy coverage thirty days prior written notice will be given to the cognizant Contracting Officer. The Contracting Officer will, in turn, notify the Insurance Advisor, Office of Material Resources.

§ 7-10.305 Procedures to be followed in the event of loss or damage to Government property.

The Contractor must properly report all the circumstances of loss promptly to the Contracting Officer and advise whether any parties other than the Contractor were responsible and what steps have been taken to recover from them. The Contractor will protect Government subrogation rights.

§ 7-10.351 Liability insurance for operation of motor vehicles.

If a Contractor or any of its employees or their dependents transport or cause to be transported privately owned motor vehicles to a cooperating country, or they or any of them purchase a motor vehicle within a cooperating country, the Contractor must give assurance that adequate liability coverage is provided and kept in force. Before such a motor vehicle is operated in a cooperating country, and whenever requested, the Contractor will provide the Mission Director, or his designee, with satisfactory evidence of such coverage by an insurance carrier satisfactory to him. Coverage will be for amounts equal in dollars or currency of the cooperating country to not less than \$10,000/\$20,000 for personal injury and \$5,000 for property damage, or equal to not less than such other minimums as the Mission Director may prescribe from time to time. The cost of such insurance is not reimbursable.

Subpart 7-10.4—Insurance Under Fixed-Price Contracts

§ 7-10.402 Workmen's compensation insurance overseas.

(a) The words "the Defense Base Act" may be deleted from the clause set forth in FPR 1-10.402(a) and the following substituted for it: "United States Public Law 208, 77th Congress".

(b) If the Contractor provides satisfactory coverage for them, waivers are generally granted for employees serving overseas under an AID contract who are not hired in the United States and are not citizens or bona fide residents of the United States. If a waiver is granted, the Contractor must provide, for nationals or permanent residents of the country in which the services are to be rendered, security for compensation benefits pursuant to the applicable law of the country for injury or death in the course of employment, or in the absence of such law, adequate employers' liability insurance, and for all other employees not covered by the Defense Base Act, the Contractor must provide adequate employers' liability insurance. Application for waivers is made by the Contracting Officer directly to the Director, Bureau of Employees' Compensation, Department of Labor, on Labor Department Form BEC 565, an original and 4 copies of which are forwarded to the Director. The following clause is included in all contracts for which a waiver of the kind described above will be applicable:

WORKMEN'S COMPENSATION INSURANCE (42 U.S.C. 1651, ET SEQ.)

(a) The Contractor shall provide and thereafter maintain workmen's compensation insurance as required by United States Public Law 208, 77th Congress, as amended (42 U.S.C. 1651, et seq.), with respect to and prior to the departure for overseas employment under this contract of all employees who are hired in the United States or who are American citizens or bona fide residents of the United States.

(b) The Contractor shall further provide for all employees who are nationals or permanent residents of the country in which services are being rendered, if the contract authorizes their employment, security for compensation benefits pursuant to the applicable law of such country for injury or death in the course of such employment, or in the absence of such law, employer's liability insurance. For all other authorized employees not hired in the United States or

who are not American citizens or bona fide residents of the United States, Contractor shall provide the necessary employer's liability insurance.

(c) The Contractor agrees to insert the provisions of this or a similar Clause, including this sentence, in all subcontracts or subordinate contracts hereunder except subcontracts or subordinate contracts exclusively for furnishing materials or supplies.

(d) The Contractor agrees, as evidence of compliance with this clause, to provide the Contracting Officer within a reasonable period of time after the effective date of this contract with a copy of the actual insurance policy indicating the coverage provide for employees assigned by the Contractor to overseas employment under this contract and the Contractor agrees to provide the Contracting Officer with a similar copy of the insurance policy within a reasonable time after each renewal of this coverage, so long as this contract remains in effect. All such insurance policies shall be subject to the written approval of the Contracting Officer.

(e) The Contractor further agrees to provide the Contracting Officer with three copies of Department of Labor Form BEC-239-1 or US-240 "Certificate That Employer Has Secured Payment of Compensation," herein identified as a "Certificate of Compliance". The Contractor can obtain this Certificate from the insurance carrier through the Deputy Commissioner, Bureau of Employees' Compensation, Department of Labor, for the appropriate Compensation District.

Subpart 7-10.5—Insurance Under Cost-Reimbursement Type Contracts

§ 7-10.502 Types of insurance.

§ 7-10.502-1 Workmen's compensation and employers' liability insurance.

AIDPR 7-10.402 applies to cost-reimbursement as well as to fixed-price contracts.

PART 7-12—LABOR

Subpart 7-12.1—Basic Labor Policies

- Sec.
- 7-12.101 Labor relations.
 - 7-12.101-1 General.
 - 7-12.101-1.50 Overseas employment.
 - 7-12.101 Overtime, extra-pay shifts, and multi-shift work.
 - 7-12.102-1 Definitions.
 - 7-12.102-1.50 Additional definitions.
 - 7-12.102-1.51 Compensatory time off.
 - 7-12.102-2 Policy.
 - 7-12.102-4 Approvals.
 - 7-12.105 Location allowances at unfavorable sites.
 - 7-12.105-2 Policy.

Subpart 7-12.8—Equal Opportunity in Employment

- 7-12.802 Definitions.
- 7-12.802-50 AID Contracts Compliance Officer.
- 7-12.802-51 Predominant Interest Agency.
- 7-12.805 Administration.
- 7-12.805-1 Duties of agencies.
- 7-12.805-4 Compliance reports.
- 7-12.805-5 Compliance reviews.

Subpart 7-12.51—Security Clearance

- 7-12.5100 General.
- 7-12.5101 Contract provision.
- 7-12.5102 AID Directives.

Subpart 7-12.52—Foreign Nationals

- 7-12.5201 Construction work.
- 7-12.5201-1 Legislation.
- 7-12.5201-2 Regulations.

Subpart 7-12.53—Workmen's Compensation (Defense Base Act) and War Hazards Compensation for Overseas Employees

Sec.
7-12.5300 General.

AUTHORITY: The provisions of this Part 7-12 issued under sec. 621, 75 Stat. 445, as amended; 12 U.S.C. 2381.

Subpart 7-12.1—Basic Labor Policies

§ 7-12.101 Labor relations.

§ 7-12.101-1 General.

§ 7-12.101-1.50 Overseas employment.

AID Contractors who employ cooperating country nationals or other local labor are expected to consult with the appropriate Mission Director, or such official as he designates, concerning local labor laws, regulations, and standards with a view to adopting and demonstrating good employment practices.

§ 7-12.102 Overtime, extra-pay shifts, and multi-shift work.

§ 7-12.102-1 Definitions.

§ 7-12.102-1.50 Additional definitions.

§ 7-12.102-1.51 Compensatory time off.

"Compensatory time off" means leave equal to overtime worked, which, unless otherwise authorized in a contract or approved by a Contracting Officer, must be taken not later than the end of the calendar month following that in which the overtime is worked.

§ 7-12.102-2 Policy.

Most contracts covered by this regulation call for the performance of professional or technical services overseas on a cost-reimbursement basis. The compensation for employees performing such services is normally fixed on a monthly or annual basis, and the contracts usually state minimum work week hours. It is not expected that these employees will receive additional pay, overtime or shift premiums, or compensatory time off. When the Contracting Officer determines it is in the best interest of the Government, specific provision may be made in contracts to permit such benefits for non-technical and non-professional employees serving overseas, subject to approvals to be required in the contract.

§ 7-12.102-4 Approvals.

The heads of procuring activities and the chiefs of contract offices in AID/Washington procuring activities may make the determinations referred to in FPR 1-12.102-4.

§ 7-12.105 Location allowances at unfavorable sites.

See AIDPR 7-15.

§ 7-12.105-2 Policy.

AID standards and requirements and limitations with respect to the reimbursement of allowances of this kind are generally spelled out in contracts and in AIDPR 7-15.

Subpart 7-12.8—Equal Opportunity in Employment

§ 7-12.802 Definitions.

§ 7-12.802-50 AID Contracts Compliance Officer.

"AID Contracts Compliance Officer" means the Special Assistant to the Administrator for Equal Opportunity in Employment and the Deputy AID Contracts Compliance Officer.

§ 7-12.802-51 Predominant Interest Agency.

"Predominant Interest Agency" means the Federal agency which has primary responsibility, as designated by the President's Committee, for the administration of a Contractor's obligations under the Orders. See instructions attached to Standard Form 40 (FPR 1-16.901-40).

§ 7-12.805 Administration.

§ 7-12.805-1 Duties of agencies.

(a) Each head of a procuring activity is responsible for carrying out and assuring adherence to the equal employment opportunity policy set forth in FPR 1-12.801.

(b) Under the immediate supervision of the Administrator, the AID Contracts Compliance Officer is responsible for the administration of the AID contracts compliance program, including reporting systems, training of personnel, maintenance of records, development of policies, standards, and guides, review and coordination of AID compliance activities, reporting to the President's Committee, and liaison with the Executive Chairman. All communications regarding any phase of the AID equal opportunity program which are received from or require transmittal to the President's Committee will be coordinated with or handled by the AID Contracts Compliance Officer. As required by the AID Contracts Compliance Officer, the Associate Assistant Administrator for Material Resources (Procurement) maintains central records for the contracts compliance program. These records include:

- (1) A roster of predominant interest agency assignments;
- (2) A roster of predominant interest agency assignments that have been made to AID;
- (3) A contract compliance card file;
- (4) Copies of compliance reports;
- (5) Copies of questionnaires and replies; and
- (6) On-site survey files.

§ 7-12.805-4 Compliance reports.

If AID is the predominant interest agency, the Contracting Officer will review a prospective Contractor's current compliance report before an award is made. See FPR 1-13.10-5(a) (5).

§ 7-12.805-5 Compliance reviews.

(a) The AID Contracts Compliance Officer conducts on-site compliance reviews and prepares and signs reports on them. He advises the President's Committee when a review has been conducted. One copy of the report is forwarded to the Associate Assistant Administrator

for Material Resources (Procurement) and other copies to such other addressees as he deems appropriate. The original and appropriate attachments are maintained by the AID Contracts Compliance Officer.

(b) On-site compliance reports are divided into 4 parts, as follows:

Part I:

- a. Name and Address of Contractor.
- b. Predominant Interest Agency.
- c. Reporting Status of Contractor (Prime, sub, etc.).
- d. Facilities Visited (Address).
- e. Date of Visits.
- f. Persons Interviewed and Titles.
- g. Subcontracts (if any).

Part II:

- a. Employment Policy (Brief summary of employment policies, and exhibits, if any, of equal employment policies in use by Contractor).
- b. Educational and Training Programs.
- c. Recruitment Sources and Advertising (discussion of sources and exhibits, if any).
- d. Organization of Workers (bargaining agreements with labor unions, desegregated facilities in office and field installations, etc.).

Part III—Personnel Distribution

- a. Home Office (number of minority group members in executive positions as compared to total executive positions).
- b. Field (number of minority group members in executive positions as compared to total executive positions).

Part IV—Remarks

Subpart 7-12.51—Security Clearance

§ 7-12.5100 General.

The Foreign Aid and Related Agencies Appropriation Act, 1963, and subsequent appropriation Acts, have imposed the following requirement:

None of the funds appropriated or made available under this Act for carrying out the Foreign Assistance Act of 1961, as amended, may be used to make payments with respect to any contract for the performance of services outside the United States by United States citizens where such citizens have not been investigated for loyalty and security in the same manner and to the same extent as would apply if they were regularly employed by the United States.

See, for example, section 111 of the Foreign Assistance and Related Agencies Appropriation Act, 1965.

§ 7-12.5101 Contract provision.

AID contracts provide for necessary approvals of contract personnel.

§ 7-12.5102 AID Directives.

See Manual Order 610.2, entitled "Security Clearance for Contractors and Contractor Personnel Under AID Financed Contracts".

Subpart 7-12.52—Foreign Nationals

§ 7-12.5201 Construction work.

§ 7-12.5201-1 Legislation.

Beginning with the Foreign Assistance and Related Agencies Appropriation Act, 1964, the appropriation Acts governing AID have imposed the following requirement:

None of the funds made available by this Act for carrying out the Foreign Assistance

Act of 1961, as amended, may be obligated on or after April 30, 1964, for financing, in whole or in part, the direct costs of any contract for the construction of facilities and installations in any underdeveloped country, unless the President shall, on or before such date, have promulgated regulations designed to assure, to the maximum extent consistent with the national interest and the avoidance of excessive costs to the United States, that none of the funds made available by this Act and thereafter obligated shall be used to finance the direct costs under such contracts for construction work performed by persons other than qualified nationals of the recipient country or qualified citizens of the United States: *Provided, however, That the President may waive the application of this amendment if it is important to the national interest.*

See, for example, section 117 of the Foreign Assistance and Related Agencies Appropriation Act, 1965.

§ 7-12.5201-2 Regulations.

Regulations have been issued under the statutory provision cited in AIDPR 7-12.5201-1. They are set out in AID Regulation 7, published in Part 207, Title 22 of the Code of Federal Regulations, and reproduced in AID Manual Order 1412.1.2.

Subpart 7-12.53—Workmen's Compensation (Defense Base Act) and War Hazards Compensation for Overseas Employees

§ 7-12.5300 General.

See FPR 1-10.402 and AIDPR 7-10.402 with respect to coverage under the Defense Base Act, 42 U.S.C. 1651, et seq. This law requires Contractors to provide workmen's compensation coverage for overseas employees. Such coverage is supplemented by the War Hazards Compensation Act, 42 U.S.C. 1701, et seq., which provides for payments from the U.S. Treasury with respect to injuries, death, and detention resulting from a war risk hazard. No charge is made to Contractors or Contractor employees for War Hazards Compensation Act coverage.

PART 7-15—CONTRACT COST PRINCIPLES AND PROCEDURES

Subpart 7-15.1—Applicability

Sec.	
7-15.103	Cost-reimbursement research contracts with educational institutions.
7-15.107	Advance understandings on particular cost items.
7-15.151	Cost-reimbursement technical assistance contracts with educational institutions.

Subpart 7-15.2—Principles and Procedures for Use in Cost-Reimbursement Type Supply and Research Contracts With Commercial Organizations

7-15.200	Applicability.
7-15.205	Selected costs.
7-15.205-6	Compensation for personal services.
7-15.205-45	Transportation costs.
7-15.205-45.50	Special restrictions.
7-15.205-45.51	Air transportation.
7-15.205-45.52	Ocean transportation.

Sec.	
7-15.205-45.53	Transportation of non-U.S. made motor vehicles.
7-15.205-46	Travel costs.
7-15.205-46.50	Special restrictions.
7-15.205-46.51	Air travel.
7-15.205-46.52	Ocean travel.

Subpart 7-15.3—Principles for Determining Applicable Costs Under Research Contracts With Educational Institutions

7-15.301	General.
7-15.302	Definitions.

AUTHORITY: The provisions of this Part 7-15 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-15.1—Applicability

§ 7-15.103 Cost-reimbursement research contracts with educational institutions.

This category is applied to contracts with educational institutions for technical assistance services provided to or for another country. See AIDPR 7-15.151.

§ 7-15.107 Advance understandings on particular cost items.

AID contracts generally spell out rules and principles governing the reimbursement of compensation, travel, transportation, and a number of "fringe benefit" costs associated with overseas operations.

§ 7-15.151 Cost-reimbursement technical assistance contracts with educational institutions.

The established principles for cost-reimbursement research contracts with educational institutions are applied to contracts with educational institutions for technical assistance services provided to or for another country.

Subpart 7-15.2—Principles and Procedures for Use in Cost-Reimbursement Type Supply and Research Contracts With Commercial Organizations

§ 7-15.200 Applicability.

As provided in FPR 1-15.102, this subpart applies to contracts for services, as well as to contracts for supplies and to contracts with noncommercial organizations other than educational institutions.

§ 7-15.205 Selected costs.

§ 7-15.205-6 Compensation for personal services.

(a) Specific limitations on compensation for personal services, including fringe benefits, may be spelled out or incorporated by reference in AID contracts. Where the provisions of the contract are inconsistent with this section, such provisions will govern. Where approvals are required by this section for salaries, allowances, or other matters specifically spelled out and agreed to in the contract, the Contracting Officer's signature on the contract will be sufficient evidence of approval.

(b) Salaries and wages: Within the meaning of this paragraph (AIDPR 7-15.205-6(b)) and the subparagraphs under it, salaries and wages exclude over-

seas differential and other allowances associated with overseas service, except as otherwise stated, but include payments for personal services (including fees and honoraria) computed on a daily or other time basis different from an annual rate. Daily rates of compensation are computed on the basis of a 260-day-work year made up of 5-day (8-hour) work weeks.

(1) *Salary ceiling.* Reimbursement will not be allowed with respect to any salary or wage charged as a direct cost which exceeds \$24,500 per year (or a daily rate of \$94 if compensation is not on an annual basis), or a daily rate of \$100 for consultants engaged for no more than 90 days in any twelve month period, without written approval of the Contracting Officer. Justifications for such approvals should show the present scale attached to the position and the earnings of the person chosen to fill it, if someone has been selected; the reasons which make it necessary to pay the amount proposed, including reasonable efforts to recruit personnel of adequate qualifications and experience at a lower rate of compensation; and the reasons why payment at the proposed level is needed to accomplish AID objectives.

(2) *Salary scale approval.* Contractor salary and wage scales for positions which will be charged as direct costs are subject to written approval of the Contracting Officer.

(3) *Individual salary approval.* Unless approved by the Contracting Officer, reimbursement will not be allowed with respect to any salary or wage charged as a direct cost which exceeds the employee's current salary or wage or highest rate of annual salary or wage during any full year of the immediately preceding 3 years, plus a reasonable incentive for overseas service not to exceed 10 percent. Provision may be made for merit increases in accord with the Contractor's established practice as approved by the Contracting Officer or for a merit increase after one year of service overseas, provided that, as a general rule, merit increases do not exceed 5 percent of the salary at the time of the increase.

(4) *Approval procedures.* Before giving approvals, Contracting Officers will follow such procedures as may be prescribed by the Assistant Administrator with cognizance over the procuring activity.

(c)-(f) [Reserved]

(g) *Fringe benefits:* AID contracts generally spell out rules and principles governing reimbursement of specific "fringe benefits" costs associated with overseas operations. These may include vacations, holidays, sick leave, military leave, employee insurance, medical examinations, overseas differential, quarters allowance, temporary lodging allowance, post allowance, supplemental post allowance, education allowance, education travel allowance, separate maintenance allowance, compassionate travel, rest and recuperation travel, transportation of motor vehicles, personal effects, and household goods, and storage.

(1) Leave (vacation, sick, military). [Reserved]

- (2) Holidays. [Reserved]
- (3) Employee insurance. [Reserved]
- (4) Medical examinations. [Reserved]
- (5) Overseas differential allowances. [Reserved]
- (6) Quarters allowances. [Reserved]
- (7) Temporary lodging allowances. [Reserved]
- (8) Post allowances. [Reserved]
- (9) Supplemental post allowances. [Reserved]
- (10) Education allowances. [Reserved]
- (11) Education travel allowances. [Reserved]
- (12) Separate maintenance allowance. [Reserved]
- (13) Transportation and storage of motor vehicles, personal effects, and household goods. [Reserved]

(See AIDPR 7-15.205-45.53 with respect to a restriction on transportation of non-U.S. made motor vehicles.)

- (h)-(i) [Reserved]
- (j) Location allowances: Location allowances are treated as fringe benefits. See AIDPR 7-15.205-6(g).

- § 7-15.205-45 Transportation costs.
- § 7-15.205-45.50 Special restrictions.
- § 7-15.205-45.51 Air transportation.

International air shipments must be made on U.S. flag carriers unless shipment would, in the judgment of the Contractor, be delayed an unreasonable time awaiting a U.S. carrier either at point of origin or transshipment, provided that the Contractor certifies to the facts in the vouchers or other documents retained as part of the contract record to support his claim for reimbursement and for post audit.

- § 7-15.205-45.52 Ocean transportation.

International ocean shipments the cost of which are to be reimbursed in U.S. dollars must be made on U.S. flag vessels except when the Contractor obtains a release from this requirement from the Resources Transportation Division, Agency for International Development, Washington, D.C., 20523, or a Mission Director on grounds that U.S. flag vessels are not available or that their use would result in a significant delay. The Contractor should have written evidence of such releases available to support its claims for reimbursement and for post audit.

- § 7-15.205-45.53 Transportation of non-U.S. made motor vehicles.

No reimbursement will be allowed for the cost of transporting any non-U.S. made motor vehicle between the United States and any other country except when the Contractor obtains a release from this requirement from the Contracting Officer or a Mission Director because of compelling circumstances. The Contractor should have written evidence of such releases available to support its claims for reimbursement and for post audit.

- § 7-15.205-46 Travel costs.
- § 7-15.205-46.50 Special restrictions.
- § 7-15.205-46.51 Air travel.

(a) Class of travel. The difference in cost between first-class air accommodations and less than first-class air accommodations is unallowable except when less than first-class accommodations are not reasonably available to meet necessary requirements. A responsible officer of the Contractor must certify to the facts justifying an exception in the voucher or other document retained as part of its contract records to support the claim or for post-audit. One stop-over enroute for a period not to exceed 24 hours is allowable when the traveller uses less than first-class accommodations for an international trip of 14 hours or more of scheduled duration. For international travel, the cost incurred for transporting not to exceed 22 pounds of accompanied personal baggage per traveller will be allowed if reasonable, in addition to that regularly allowed with a ticket for less than first-class accommodations.

(b) Flag of carrier. International air travel must be carried out on U.S. flag carriers. Exceptions to this requirement will be allowed in the following situations provided that a responsible officer of the Contractor certifies to the facts in the voucher or other documents retained as a part of its contract records to support its claim for reimbursement and for post audit:

- (1) Where a flight by a U.S. carrier is not scheduled to arrive in time for the conduct of official business.
- (2) Where a flight by U.S. carrier is scheduled but does not have accommodations available when reservations are sought.

(3) Where the departure time, routing, or other features of a U.S. carrier flight would interfere with or prevent the satisfactory performance of official business.

(4) Where a scheduled flight by a U.S. carrier is delayed because of weather, mechanical, or other conditions to such an extent that use of a non-U.S. carrier is in the Government's interest.

(5) Where the appropriate class of accommodations is available on both U.S. and non-U.S. carriers, but the use of the U.S. carriers will result in higher total U.S. dollar cost to the contract due to additional per diem or other expenses.

(6) Where the appropriate class of accommodations is available only on a non-U.S. carrier and the cost of transportation and related per diem is less than the cost of available accommodations of another class on a U.S. carrier and related per diem.

- § 7-15.205-46.52 Ocean travel.

International ocean travel the cost of which is to be reimbursed in U.S. dollars must be carried out on U.S. flag vessels except when the Contractor obtains a release from this requirement from the Contracting Officer or a Mission Director

on grounds that U.S. flag vessels are not available or their use would result in a significant delay. The Contractor should have written evidence of such releases available to support its claims for reimbursement and for post audit.

Subpart 7-15.3—Principles for Determining Applicable Costs Under Research Contracts With Educational Institutions

- § 7-15.301 General.

The principles stated in FPR 1-15.3 apply to contracts with educational institutions for technical assistance services provided to or for another country as well as to research contracts. Understandings with respect to the treatment of specific types and items of cost under such technical assistance contracts are stated in the standard form which is set out in AIDPR Subpart 7-16.

- § 7-15.302 Definitions.

"Research agreements" include agreements to provide technical assistance to or for another country.

PART 7-16—PROCUREMENT FORMS

Subpart 7-16.2—Forms for Negotiated Supply Contracts

- | | |
|----------|--|
| Sec. | |
| 7-16.200 | Scope of subpart. |
| 7-16.251 | Form for Agency for International Development University Contract. |

Subpart 7-16.8—Miscellaneous Forms

- | | |
|----------|---|
| 7-16.800 | Scope of subpart. |
| 7-16.851 | Form for Individual Procurement Action Report (IPAR). |

Subpart 7-16.9—Illustrations of Forms

- | | |
|------------|--|
| 7-16.951 | Agency for International Development forms. |
| 7-16.951-1 | Form for Individual Procurement Action Report (IPAR). |
| 7-16.951-2 | Form for Agency for International Development University Contract (May 1, 1965). |

AUTHORITY: The provisions of this Part 7-16 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-16.2—Forms for Negotiated Supply Contracts

- § 7-16.200 Scope of subpart.

Illustrations of these forms are contained in AIDPR 7-16.9.

- § 7-16.251 Form for Agency for International Development University Contract.

Agency for International Development University Contract form is prescribed for use in procuring, by negotiation, technical advice and assistance to be provided by an educational institution to or for a Cooperating Country under agreements between the government of the Cooperating Country and the Government of the United States of America. This form is for a cost-reimbursement contract without fee.

Subpart 7-16.8—Miscellaneous Forms

§ 7-16.800 Scope of subpart.

Illustrations of these forms are contained in AIDPR 7-16.9.

§ 7-16.851 Form for Individual Procurement Action Report (IPAR).

The IPAR form shall be used both as a record for the contract file and as a report of statistical information for each contract and amendment issued by AID/W for the procurement of services or of services and personal property.

Subpart 7-16.9—Illustrations of Forms

§ 7-16.951 Agency for International Development forms.

Agency for International Development forms are illustrated in this section for the same purpose as is stated in FPR 1-16.901 for standard forms. These forms may be inspected at the Agency for International Development, Office of Material Resources, Contract Services Division, Washington, D.C.

§ 7-16.951-1 Form for Individual Procurement Action Report (IPAR).

Note: Form filed as part of the original document.

§ 7-16.951-2 Form for Agency for International Development University Contract (May 1, 1965).

MAY 1, 1965.

AGENCY FOR INTERNATIONAL DEVELOPMENT UNIVERSITY CONTRACT

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- H. Separate Maintenance Allowance.
- I. Payments During Evacuation.
- XIX Travel and Transportation Expenses.
- A. Necessary Transportation Costs and Travel Allowances.
- 1. U.S. Travel.
- 2. International Travel.
- 3. Local Travel.
- 4. Travel for Consultation.
- 5. Special International Travel and Third Country Travel.
- 6. Indirect Travel for Personal Convenience.
- 7. Limitation on Travel by Dependents.
- 8. Delays En Route.
- 9. Travel by Privately Owned Automobile.
- B. Emergency and Irregular Travel and Transportation.
- C. Rest and Recuperation.
- D. Transportation of Automobiles, Personal Effects, and Household Goods.
- E. Storage of Household Effects.
- F. Limitation on Transportation.
- 1. International Air Transportation.
- 2. International Ocean Transportation.
- 3. Transportation of Foreign-made Motor Vehicles.
- G. Sale of Personal Property or Automobiles.
- XX Notice of Changes in Allowances.
- XXI Other Direct Costs.
- A. Insurance.
- 1. Workmen's Compensation Insurance.
- 2. Reimbursable Premiums.
- 3. Non-reimbursable Premiums.
- B. Out-of-Pocket Expenses.
- C. Other Necessary Costs.
- XXII Indirect Costs (Overhead).
- XXIII Equipment.
- A. Following Costs Reimbursable:
- 1. Teaching Aids and Related Equipment.
- 2. Other Equipment.
- 3. Vehicles.
- B. Limitation.
- C. Title to and Care of Property.
- D. Small Business Provision.
- E. Marking.
- XXIV Participant Training Programs.
- XXV Research Activities.
- XXVI Unallowable Costs.
- XXVII Facilities and Services to be Arranged by AID.
- XXVIII Method of Payment.
- A. Dollar Payment.
- B. Local Currency Payments.
- XXIX Refund of Unexpended Funds.
- XXX Documentation Requirements.
- A. Initial Advance.
- B. Replenishment Vouchers.
- C. Final Voucher.
- D. Documentation for US AID.
- XXXI Accounting Records.
- XXXII Miscellaneous.
- XXXIII Services Provided to Contractor.
- XXXIV Conflict of Interest.
- XXXV Disputes.
- XXXVI Termination.
- XXXVII Material Changes in Conditions.
- XXXVIII Salary Adjustment on Termination.
- XXXIX Notices.

APPENDIX B—OPERATIONAL PLAN

- I Agreed-upon scope of work, including a general work plan and statement of objectives (to be attached).
- II Number and types of full time positions to be financed as direct costs under the contract.
- III Additional substantive matters concerning work to be performed under the contract.

APPENDIX C—APPROVED BUDGET

- Firm Budget.
- Projected Budget.
- Total Budget.

APPENDIX D—SPECIAL PROVISIONS

- I Necessary special provisions.
- II Costs to be financed by cooperating country.
- III Provision to accommodate situation where cooperating country does not meet its commitments as to funding or services.
- IV Research Component.
- V Orientation and Language Training.

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND

(Institution)

PIO

This contract is made and entered into between the Government of the United States of America, represented by the Agency for International Development (hereafter referred to as AID) and

(Contractor)

(hereafter referred to as Contractor), an educational institution chartered by the State of with its principal office in

WHEREAS, the Contractor is willing and able to render technical assistance requested by the Government of (hereafter referred to as the Cooperating Country) under agreements between said government and the Government of the United States of America.

NOW, THEREFORE, the parties hereto mutually agree as follows:

I. Scope. The Contractor agrees to use its best efforts to render technical advice and assistance to the cooperating country for the purpose of

as more specifically provided for in Appendix B, "Operational Plan", attached hereto and made a part hereof. Contractor will develop in consultation with the United States operations mission (hereafter referred to as Mission) as soon as practicable, but not later than 120 days after arrival in the cooperating country, a detailed work program to implement the project, which work program will be subject to review from time to time as considered necessary by the Mission or the Contractor.

II. Conditions Governing Operations.

A. It is understood that the services provided in the cooperating country are an integral part of the United States technical assistance program and will be performed under the general policy guidance of the Mission Director. The Contractor will be responsible for all professional and technical details of the contract and shall keep the Mission Director currently informed of the progress of the project.

B. Activities under this contract shall be governed by the "Standard Provisions" set forth in Appendix A, the "Approved Budget" set forth in Appendix C, and the "Special Provisions" contained in Appendix D, all of which are attached hereto and made a part hereof.

III. Financing. The Contractor will be reimbursed for the costs incurred by it in performing services hereunder in accordance with the applicable provisions of Appendix A and Appendix D, subject to the following limitations made in respect thereto:

- A. Total AID commitment subject to limitations expressed in Appendix C \$-----
- B. Estimated additional financing which may be provided if funds are available \$-----
- TOTAL \$-----
- C. Advance of funds \$-----

IV. *Term.* The contract shall be effective on the date of the last signature hereto and the services to be rendered and the right to incur obligations hereunder shall continue until _____ unless previously terminated in accordance with the provisions set forth in Appendix A.

In Witness Whereof, the parties hereto have executed this contract on the day and year last specified below.

Name of contractor _____

By _____
Date of signature _____
Typed name _____
Title _____

UNITED STATES OF AMERICA

AGENCY FOR INTERNATIONAL DEVELOPMENT

By _____
Date of signature _____
Typed name _____
Title _____

APPENDIX A—STANDARD PROVISIONS OF UNIVERSITY CONTRACT

1. Definitions.

A. "AID" shall mean the Agency for International Development.

B. "Contractor" shall mean the educational institution providing services hereunder.

C. "Cooperating Country" shall mean the country receiving assistance from the United States and in which services are to be rendered under this contract.

D. "Cooperating Government" shall mean the official government of the Cooperating Country.

E. "Mission" shall mean the United States AID Mission to, or principal AID office in, the Cooperating Country.

F. "Contracting Officer" shall mean the person executing this contract on behalf of the United States Government, and any other AID employee who is a properly designated Contracting Officer: *Provided, however,* That in the case of contracts executed by an AID Washington Contracting Officer, the term shall mean an AID Washington Contracting Officer except as otherwise notified to Contractor in writing by an AID Washington Contracting Officer.

G. "Staff Member" shall mean a representative of the Contractor appointed to serve in the Cooperating Country under the contract.

H. "Regular Staff Member" shall mean a staff member appointed to serve one year or more in the Cooperating Country.

I. "Short Term Staff Member" shall mean a staff member appointed to serve less than one year in the Cooperating Country.

J. "Contractor's Chief of Party" shall mean the representative of the Contractor in the Cooperating Country who shall be responsible for supervision of the performance of all duties undertaken by the contractor in the Cooperating Country.

K. "Campus Coordinator" shall mean the representative of the Contractor at the Contractor's home institution, who shall be responsible for coordinating the activities carried out under the contract in the Cooperating Country with those carried out at the home institution. He shall not be considered a staff member while serving in the Cooperating Country.

L. "Campus Personnel" shall mean representatives of the Contractor performing services under the contract at the Contractor's home institution and shall include the campus coordinator.

M. "Dependents" shall mean:

(1) *Wife.*

(2) *Children* (including step and adopted children) who are unmarried and under 21 years of age or, regardless of age, are incapable of self support.

(3) *Parents* (including step and legally adoptive parents), of the employee or of the

spouse, when such parents are at least 51 percent dependent on the employee for support.

(4) *Sisters and Brothers* (including step or adoptive sisters or brothers) of the employee, or of the spouse, when such sisters and brothers are at least 51 percent dependent on the employee for support, unmarried and under 21 years of age, or regardless of age, are incapable of self support.

(5) *Husband* who is at least 51 percent dependent on the employee for support.

N. "Traveler" shall mean staff members, dependents of regular staff member, campus coordinator, Contractor's executives in travel status, and prospective staff members and spouses for personal interviews, in accordance with Contractor's normal practice in selecting its personnel.

O. "Local Currency" shall mean the currency of the Cooperating Country.

P. "Participants" shall mean nationals of the Cooperating Country brought to the United States or to third countries for training.

Q. Economy class air travel (also known as jet-economy, air coach, tourist-class, etc.) shall mean class which is less than first-class air travel.

II. Personnel.

A. *Biographical Data.* Contractor agrees to furnish to the Contracting Officer, on forms provided for that purpose, biographical information on the following individuals to be employed in the performance of the contract: (1) any individual to be sent outside of the United States, (2) campus coordinator. Biographical data on other individuals employed under the Contract shall be available for review by AID at the Contractor's institution.

B. *Physical Fitness of Employees and Dependents.*

1. Pre-Departure.

(a) Contractor shall exercise reasonable precautions in assigning employees for work under this contract in the Cooperating Country to assure that such employees are physically fit for work and residence in the Cooperating Country. In carrying out this responsibility Contractor shall require all such employees (other than those hired in the Cooperating Country) and their dependents authorized to accompany such employees to be examined by a licensed doctor of medicine. Contractor shall require the doctor to certify that, in the doctor's opinion, the staff member is physically qualified to engage in the specific duties and the staff member and authorized dependents are physically qualified to reside in the country to which the staff member is recommended for duty. If Contractor has no such medical certificate on file prior to the departure for the Cooperating Country of any staff member or authorized dependent and such staff member is unable to perform his specific duties and complete his tour of duty because of any physical disability (other than physical disability arising from an accident while employed under this contract) or such authorized dependent is unable to reside in the Cooperating Country for at least nine months or one-half the period of the related staff member's initial tour of duty because of any physical disability (other than physical disability arising from an accident while a dependent under this contract), Contractor shall not be reimbursed for the return transportation costs of the physically disabled staff member and his dependents and their effects or for the return transportation of the physically disabled dependent and any other persons required to return because of such disability.

(b) Contractor shall require all employees and dependents who are returning to their post of assignment after a period of home leave to be examined by a licensed

doctor of medicine as required in this paragraph 1.

2. *End of Tour.* Contractor is authorized to provide its regular staff members and dependents with physical examinations upon completion of their regular tours of duty.

C. *Approval.* No individual shall be sent outside of the United States by the Contractor under this contract without the prior written approval of the Contracting Officer.

D. *Staff Appointments.* All staff members will be given institutional appointments to the Contractor's staff at the rank or classification appropriate to their respective duties and responsibilities under the Contract.

E. Duration of Appointments.

1. Regular staff members normally will be appointed for a minimum of two years (including orientation) under the contract except:

a. When the remaining period of this contract is less than 2 years and in the judgment of the Contractor it is deemed desirable to fill a vacancy, then appointment may be made for the remaining period of the contract provided the contract has 1 year or more to run, and provided further that if it is contemplated that the contract is to be extended, then the appointment will be for 2 years subject to the actual extension being made.

b. When a position to be filled does not require a 2-year appointment, then an appointment may be made for less than 2 years but in no event less than 1 year. If services are required for less than one year a short-term staff appointment may be made in accordance with the applicable provisions of the contract.

c. When the normal tour of duty established for AID personnel at a particular post is less than 2 years, then a normal appointment under the contract may be of the same duration.

2. Contractor may make appointments of regular staff members under this contract for less than 2 years whenever Contractor is unable to make a full two-year appointment, provided that the Contracting Officer approves such appointment, and provided further that in no event shall such appointment be less than 1 year.

F. *Right to Recall.* After consultation by the Contracting Officer with the Contractor and on the written request of the Contracting Officer, or of the Cooperating Government, the Contractor will terminate the employment under the contract of any individual serving thereunder.

G. *Leave (Vacation, Sick, Home and Military).*

1. *Vacation Leave.* Contractor may grant to personnel employed under this contract vacations of reasonable duration in accordance with Contractor's usual practice, but in no event shall vacation leave be earned at a rate exceeding 26 working days per annum. It is understood that vacation leave is provided under this contract primarily for the purposes of affording necessary rest and recreation to staff members during their tours of duty in the Cooperating Country and that the contractor will use its best efforts to arrange that earned vacation leave will be used for the above stated purpose during his tour of duty unless the interest of the project dictates otherwise. Lump-sum payments for vacation leave earned but not taken may be made at the end of an employee's service under the contract, provided that such lump-sum payment shall be limited to leave earned during a 12-month period (not to exceed 26 working days).

2. *Sick Leave.* Sick leave may be granted in accordance with the Contractor's usual practice but not to exceed 13 working days per annum. Additional sick leave after use of accrued vacation leave may be advanced

in accordance with Contractor's usual practice if in the judgment of the Contractor's chief of party and with the prior approval of the Mission Director it is determined that such additional leave is in the best interest of the project. In no event shall such additional leave exceed 30 calendar days. Contractor agrees to reimburse AID for leave used in excess of the amount earned during the staff members assignment under this contract. Sick leave earned and unused at the end of a regular tour of duty may be carried over to a succeeding tour of duty. Unused sick leave is not reimbursable under this contract.

3. Home Leave.

a. For Contractor's regular staff members who have served 2 years overseas (which period includes orientation in the United States) under this contract and have not taken more than thirty (30) days leave (vacation, sick or leave without pay) in the United States, home leave of up to thirty (30) calendar days in the United States will be allowed, provided that such staff members agree to return overseas under an additional 2-year appointment, or for such shorter period of not less than 1 year of overseas service as the Contracting Officer may approve in advance, under the contract upon completion of home leave.

b. Notwithstanding the requirement in subparagraph a immediately above that Contractor's regular staff member must have served 2 years overseas under this contract to be eligible for home leave, Contractor may grant advance home leave to such staff members subject to all of the following conditions:

- (1) Granting of advance home leave would in each case serve to advance the attainment of the objectives of this contract, and
- (2) The staff member shall have served a minimum of 18 months in the Cooperating Country on his current tour of duty under this contract, and
- (3) The staff member shall have agreed to return to the Cooperating Country to serve out the remainder of his current tour of duty and an additional 2 year appointment under this contract, or such other additional appointment of not less than 1 year of overseas service as the Contracting Officer may approve in advance, and
- (4) The Mission Director shall have given prior written approval in each case of such advance home leave.

c. The period of service overseas required under paragraph a. or paragraph b. above shall include the actual days in orientation in the United States and the actual days overseas beginning on the date of departure from the United States port of embarkation on international travel and continuing, inclusive of authorized delays en route, to the date of arrival at the United States port of debarkation from international travel. Allowable vacation and sick leave taken, but not leave without pay, shall be included in the required period of service overseas, provided that any such vacation and sick leave was not taken within the limits of the North American continent, Hawaii or the territories of the United States.

d. Salary during travel to and from the United States for home leave will be limited to the time required for travel by the most expeditious air route. The Contractor will be responsible for reimbursing AID for salary payments made during home leave, if in spite of the undertaking of the new appointment, the staff member, except for reasons beyond his control as determined by the Contracting Officer, does not return overseas and complete the additional required service. Unused home leave is not reimbursable under this contract.

e. To the extent deemed necessary by Contractor, regular staff members in the U.S.

on home leave may be authorized to spend not to exceed 5 days in work status on campus or at AID/W for consultation before returning to their post of duty.

4. **Military Leave.** Military leave of not more than 15 calendar days in any calendar year may be granted in accordance with the contractor's usual practice to each staff member whose appointment is not limited to 1 year or less and who is a reservist of the Armed Forces, provided that such military leave has been approved in advance by the Mission Director.

5. **Leave Records.** Contractor shall maintain current leave records for all staff members, and the Contractor's Chief of Party shall make semi-annual statements to the Mission of leave taken. This statement shall constitute evidence of compliance with the provisions of this paragraph G.

H. Holidays.

1. **U.S.** Contractor employees shall be entitled to such holidays while serving in the United States as are established by the Contractor.

2. **Overseas.** Contractor employees while serving abroad shall be entitled to all holidays authorized by the Mission Director or AID Representative in the country of assignment.

3. **Orientation and Language Training.** Staff members and dependents may receive orientation and language training for an overseas assignment if authorized in Appendix D. Transportation cost and travel allowances, pursuant to the provisions of paragraph XIX-A-1 may be reimbursed if the orientation is more than fifty (50) miles from the staff member's residence.

4. **Insurance on Motor Vehicles.** If Contractor or any of its employees or their dependents transport or cause to be transported (whether or not at contract expense) privately owned motor vehicles to the Cooperating Country, or they or any of them purchase a motor vehicle within the Cooperating Country, Contractor agrees to make certain that all such automobiles during such ownership within the Cooperating Country will be covered by an insurance policy with premium payment evidenced by a paid invoice issued by a reliable company acceptable to the Mission providing the following minimum coverages or such other coverages as may be set by the Mission, payable in U.S. dollars or its equivalent in the currency of the Cooperating Country: injury to persons, \$10,000/\$20,000; property damage, \$5,000. Contractor further agrees to provide the Mission Director or his designee satisfactory proof of the existence of such insurance coverage before such motor vehicles are operated within the Cooperating Country. The premium costs for such insurance shall not be a reimbursable cost under this contract.

5. **Institutional Support.** Contractor shall render such services at its institution in the United States as may be required to carry out the purpose of its employment hereunder and to insure the benefit of its knowledge and experience to the cooperating government.

IV. Reports.

A. Contractor shall prepare and submit to the Contracting Officer three (3) copies, and to the Mission four (4) copies of a semi-annual report which shall include the following:

1. A substantive report covering the status of the work under the Contract, indicating progress made with respect thereto, setting forth plans for the ensuing period, including recommendations covering the current needs in the fields of activity covered under the terms of this contract.

2. An administrative report covering expenditures and personnel employed under the contract.

B. At the conclusion of the work hereunder, Contractor shall prepare and submit to the Contracting Officer three (3) copies, and to the Mission four (4) copies of a final report which summarizes the accomplishments of the assignment, methods of work used and recommendations regarding unfinished work and/or program continuation. The final report shall be submitted within 45 days after completion of this contract.

V. Data and Publications.

1. Technical data, recommendations, notes, memoranda and other information and data prepared by the Contractor pursuant to or developed in connection with this contract, shall become the property of AID and AID shall have the right to use them for any beneficial purpose without any additional compensation to the Contractor except for packing and shipping. The Contractor shall preserve basic data collected under the contract until one (1) year after publication of such data, or until one (1) year after termination or completion of the contract whichever is later. This provision shall not be interpreted to limit the right of the Contractor or of its personnel to make, keep, and use copies of personal or professional records and notes (i.e., lecture and research notes, reports, or data). No material shall be published which would violate the security regulations or be in conflict with the national security of the United States and/or the Cooperating Government.

2. Neither party shall publish any article referring to information obtained or developed pursuant to the contract without giving thirty (30) days notice to the other party of its intention to publish, together with a copy of the proposed article.

3. All publications shall give due credit to the contributions of the parties thereto.

VI. **Inspection.** In order to assure continuous and cooperative planning and operations hereunder, Contractor shall encourage and permit AID or its authorized representatives, at all reasonable times, upon advance notice to visit the Contractor's facilities and to inspect the facilities, activities and work pertinent to the contract, either in the United States or abroad, and to interview personnel engaged in the performance of the contract to the extent deemed necessary by AID.

VII. **Assignment.** The contractor shall not assign, transfer, pledge, or make other disposition of the contract without first obtaining the written consent of the Contracting Officer.

VIII. **Subcontracts.** Unless authorized in writing by the Contracting Officer, the Contractor shall not execute subcontracts save those providing for standard commercial services and supplies and raw materials. To the extent work hereunder is subcontracted, Contractor shall require each subcontractor to agree to the relevant provisions of this contract as fully as if such subcontractor were a party hereto.

IX. **Officials Not to Benefit.** No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

X. **Covenant Against Contingent Fees.** The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, AID shall have the right to annul this contract without liability or, at its discretion, to deduct from the con-

tract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

XI. Convict Labor. In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor.

XII. Non-Discrimination. During the performance of this contract, the Contractor agrees as follows:

A. The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

B. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

C. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

D. The Contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, as amended, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

E. The Contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, as amended, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

F. In the event of the Contractor's non-compliance with the non-discrimination clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, as amended, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

G. The Contractor will include the provisions of paragraphs A through G in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, as amended, so that such provisions will be binding upon each subcontractor or

vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for non-compliance. Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

XIII. Conformity to Laws and Regulations of Cooperating Country. Contractor agrees to use its best efforts to assure that its personnel, while in the cooperating country, will abide by all applicable laws and regulations of the cooperating country and political subdivisions thereof.

XIV. Taxes and Customs Duties. It is understood that all salary payments made by the Contractor to its employees, other than the cooperating country's Nationals, shall be exempted from taxation by the Government of the cooperating country or any political subdivision thereof, to the extent permitted by the laws of the cooperating country or by relevant agreements between the cooperating Government and the Government of the United States now in existence or hereafter coming into existence during the life of this contract.

The foregoing principle of exemption shall also apply, with respect to employees of the Contractor and their dependents, other than cooperating country's Nationals, in regard to any import, export or other duties, taxes or levies imposed on items imported for their own use or consumption by the Government of the cooperating country or any political subdivision thereof during the life of this contract.

XV. Inspection Trips by Contractor's Officers and Executives. Upon thirty days prior written notice to the Mission, Contractor may send the campus coordinator and such of its senior officials (e.g., President, Vice-Presidents, Deans or Department Heads) to the cooperating country as may be required to review the progress of the work under this contract. Except for the campus coordinator, no direct salary charges will be paid hereunder in respect to any such officials.

XVI. Compensation.

A. For the performance of this contract, AID shall reimburse the Contractor the actual, necessary, reasonable and allocable cost thereof as determined by the contracting officer to be allocable in accordance with:

1. Subpart 1-15.3 of the Federal Procurement Regulations (hereafter referred to as FPR), in effect as of the date of this contract.

2. The terms of this contract.

B. The Contractor agrees that any refunds, rebates, credits, or other amounts accruing to or received by the Contractor or any assignee under this contract shall be paid by the Contractor to AID to the extent that they are properly allocable as costs for which the Contractor has been reimbursed by AID under this contract. Reasonable expenses incurred by the Contractor for the purpose of securing such refunds, rebates, credits or other amounts shall be allowable costs hereunder when approved by the Contracting Officer.

XVII. Salaries.

A. AID will reimburse Contractor for salaries and wages, including authorized leave, paid to staff members and campus personnel performing work under the contract, provided that such salary is within the Contractor's regular salary scale and the Contractor certifies to the facts pertaining thereto. Reimbursement will not be made for any individual's salary exceeding \$24,500 a year

(exclusive of allowances provided for in paragraph XVIII below) without the prior written approval of the Contracting Officer.

B. Salaries will be established by the Contractor in accordance with his normal practice. However, AID has established certain advisory guidelines set forth below, within which the Contractor is expected to operate under normal circumstances, but such guidelines are not compulsory and may be departed from to the extent the Contractor finds necessary. The Contractor will currently report any deviation from these provisions and explain to the Contracting Officer the reasons therefor.

1. **Staff Members.**

a. The base salary will be the same as the Contractor would normally pay a person of similar ability and experience for service at the rank to which the person has been appointed.

b. Base salaries may be increased in the following respects:

(1) By annualization in cases where the Contractor's salary scale is based on less than twelve months' service a year.

(2) For personnel to serve overseas, by not more than an average of 10 percent of the annualized base salary (overseas incentive) for all persons serving under the contract.

2. **Campus Personnel.**

(a) Salary will be in accordance with 1.a. and 1.b.(1) above.

C. Salaries paid while in travel status shall be limited to the time required by the most direct and expeditious air route, except as otherwise provided in paragraph XIX-A-8. All time in excess of that required for such air travel may be charged to leave.

D. In the event that an employee's services are terminated by the Contractor for misconduct or security reasons, Contractor will be reimbursed for salary thereafter paid such employee only through the time required to promptly return him to his point of origin by the most expeditious air route, plus accrued vacation leave.

XVIII. Allowances.

A. **Overseas Differential Allowances.** In areas where overseas differentials are paid to AID employees, overseas differentials of the same percentage of salary as are provided such AID employees in accordance with the Standardized U.S. Government Civilian Allowance Regulations (Foreign Areas), as from time to time amended, will be reimbursable hereunder for staff members in respect to amounts earned during the time such staff members actually spend overseas on work under this contract. Such overseas differential allowances shall be payable beginning on the date of arrival at the post of assignment and such payments shall continue, including periods away from post on official business, until the close of business on the day of departure from the post of assignment en route to the United States. Sick leave taken and leave taken for vacation at or away from the post of assignment will not interrupt the continuity of the assignment or require a discontinuance of such overseas differential payments, provided such leave is not taken within the limits of the North American continent, Hawaii or the territories of the United States. Overseas differential will not be payable while the staff member is away from his post of assignment for purposes of home leave. Short term staff members shall not be entitled to differential for the first forty-two (42) calendar days of assignment.

B. **Quarters Allowances.** The Contractor will be reimbursed for payments made to staff members for a quarters allowance for rent and utilities if such facilities are not supplied. Such allowances shall be the same as paid AID employees of equivalent rank in the Cooperating Country, in accordance with the Standardized Regulations (Government

Civilians, Foreign Areas), as from time to time amended. Subject to the approval of the Mission Director, short term staff members may be paid per diem (in lieu of quarters allowance) at rates authorized by the Mission Director, but not to exceed the rates prescribed by the Standardized Government Travel Regulations, as from time to time amended, during the time such short term staff members spend at posts of duty in the Cooperating Country under this contract. In authorizing such per diem rates, the Mission Director shall consider the particular circumstances involved with respect to each such short term staff member including the extent to which meals and/or lodging may be made available without charge or at nominal cost by an agency of the U.S. Government or of the Cooperating Country, and similar factors.

C. Temporary Lodging Allowances. The Contractor will be reimbursed for payments made to staff members and authorized dependents for a temporary lodging allowance, in lieu of quarters allowance in accordance with the Standardized U.S. Government Civilian Allowance Regulations (Foreign Areas), as from time to time amended.

D. Post Allowances. The Contractor will be reimbursed for payments made to staff members for post allowances not to exceed those paid AID employees in the cooperating country, in accordance with the Standardized U.S. Government Civilian Allowance Regulations (Foreign Areas), as from time to time amended.

E. Supplemental Post Allowance. The Contractor will be reimbursed for payments made to staff members for supplemental post allowance as approved by the Mission Director in accordance with the Standardized U.S. Government Civilian Allowance Regulations (Foreign Areas), as from time to time amended.

F. Educational Allowances. The Contractor will be reimbursed for payments made to regular staff members, for educational allowances for their dependent children in accordance with the Standardized U.S. Government Civilian Allowance Regulations (Foreign Areas), as from time to time amended.

G. Educational Travel. The Contractor will be reimbursed for payments made to regular staff members for educational travel for their dependent children in accordance with the Standardized U.S. Government Civilian Allowance Regulations (Foreign Areas), as from time to time amended. Educational travel shall not be authorized for regular staff members whose assignment is less than 2 years.

H. Separate Maintenance Allowance. The Contractor will be reimbursed for payments made to regular staff members for a separate maintenance allowance on the same basis as made to AID employees in accordance with the Standardized U.S. Government Civilian Allowance Regulations (Foreign Areas) as from time to time amended.

I. Payments during Evacuation. If approved in advance by the Mission Director, contractor will be reimbursed for payments made to staff members and authorized dependents evacuated from their post of assignment in accordance with the Standardized U.S. Government Civilian Regulations (Foreign Areas) as from time to time amended.

XIX. Travel and Transportation Expenses.

A. Necessary Transportation Costs and Travel Allowances.

1. (a) **U.S. Travel.** The Contractor shall be reimbursed for actual transportation costs and travel allowances of travelers in accordance with the established practice of the Contractor for travel within the United States directly referable to the contract and not continuous with travel to and from the

Cooperating Country. Such transportation costs shall not be reimbursed in an amount greater than the cost of and time required for economy class commercial scheduled air travel by the most expeditious route except as otherwise provided in Paragraph XIX-A-8 and unless economy air travel or economy air travel space are not available and the Contractor certifies to the facts in the voucher or other documents retained as part of his contract records to support his claim for post-audit by AID. Such travel allowances shall be in accordance with the established practice of the contractor for travel within the United States provided that it shall not exceed the rates and basis for computation of such rates as provided in the Standardized Government Travel Regulations as from time to time amended.

(b) **Actual Expense Basis.** Travel on an actual expense basis may be authorized or approved by the contractor's Academic Vice President, or equivalent official, when it is determined that unusual circumstances of the assignment will require expenditures greatly in excess of the maximum per diem allowance provided herein. Payment on an actual expense basis is limited to specific travel assignments and should be used only in exceptional cases and not merely to cover a small amount of costs in excess of per diem. Normally the authorization will be limited to cases where the cost of lodging (exclusive of meals) at available hotels exceeds practically all of the per diem allowance. In no event, however, shall the amount authorized exceed \$30.00 per day. Receipts covering all expenses claimed hereunder shall be filed by the traveler with his voucher and shall be retained as a part of the contractor's records to support the contractor's claim for reimbursement, for post audit by AID.

2. **International Travel.** The Contractor shall be reimbursed for actual transportation costs and travel allowances of travelers from normal place of residence in the United States (or other location as approved by the Contracting Officer) to post of duty in the cooperating country and return to normal place of residence in the United States (or other location as approved by the Contracting Officer) upon completion of services by the staff member. Such transportation costs shall not be reimbursed in an amount greater than economy class commercial scheduled air travel by the most expeditious route, except as otherwise provided in Paragraph XIX-A-8 and unless economy air travel or economy air travel space are not available and the Contractor certifies to the facts in the voucher or other documents retained as part of his contract records to support his claim or for post-audit by AID. When travel is by economy class accommodations the Contractor will be reimbursed for transporting twenty-two (22) pounds of accompanied personal baggage per traveler in addition to that regularly allowed with the economy ticket. If the cost of economy class accommodations plus the cost of transporting 22 pounds of additional accompanied personal baggage equal or exceed the cost of first class accommodations, first class accommodations may be used. Such travel allowances for such travelers shall be at the rate of \$6 per day for persons 11 years of age or over, and \$3 per day for persons under 11 years of age, for not more than the travel time required by scheduled economy class commercial air carrier using the most expeditious route and computed in accordance with the U.S. Standardized Government Travel Regulations as from time to time amended. One stopover en route for a period of not to exceed twenty-four (24) hours is allowable when the traveler uses economy class accommodations for a trip of fourteen (14) hours or more of scheduled duration. Such stopover shall not be authorized when travel is by in-

direct route. Per diem during such stopover shall be paid in accordance with the established practice of the Contractor, but not to exceed the amounts stated in the Standardized Government Travel Regulations, as from time to time amended.

3. **Local Travel.** The Contractor shall be reimbursed for actual costs of transportation of travelers in the Cooperating Country if not provided by the Cooperating Government or the Mission in connection with duties directly referable to the contract, including travel allowances at rates prescribed by the U.S. Standardized Government Travel Regulations, as from time to time amended.

4. **Travel for Consultation.** The Contractor will be reimbursed for the round trip of the Chief of Party or other designated Staff Member from the Cooperating Country to Contractor's campus for consultation and return on occasions deemed necessary by the Contractor and approved in advance in writing by the Mission Director.

5. **Special International Travel and Third Country Travel.** Upon the prior written approval of the Contracting Officer or the Mission Director, the Contractor shall be reimbursed for (a) the costs of international transportation of Contractor's employees other than between the United States and the Cooperating Country and for local transportation within other countries and (b) travel allowances for Contractor's employees while in travel status and while performing services hereunder in such other countries at rates prescribed by the U.S. Standardized Government Travel Regulations, as amended, when such travel advances the purposes of this Contract and is not otherwise provided for by any of the Cooperating Countries.

6. **Indirect Travel for Personal Convenience.** When travel is performed by an indirect route for the personal convenience of the traveler, the allowable costs of such travel will be computed on the basis of the cost of economy class air fare via the direct usually traveled route. If such costs include fares for air or ocean transportation by foreign flag carriers, approval for indirect travel by such foreign flag carriers must be obtained from AID/Washington or the Mission before such travel is undertaken, otherwise only that portion of travel accomplished by U.S. flag carriers will be reimbursable within the above limitation of allowable costs.

7. **Limitation on Travel by Dependents.** Travel costs and allowances will be allowed only for dependents of regular staff members and such costs shall be reimbursed for travel from place of abode in the United States to assigned station in the Cooperating Country and return, only if dependent remains in the Cooperating Country for at least nine months or one-half of the required tour of duty of the staff member responsible for such dependent, whichever is the greater.

8. **Delays En Route.** The Contractor may grant to personnel employed under this contract and their dependents reasonable delays en route, not circuitous in nature while in travel status, caused by events beyond the control of the traveler or Contractor, other than those caused by physical incapacitation. It is understood that if delay is caused by physical incapacitation, personnel shall be eligible for such sick leave as is provided under paragraph II-G-2.

9. **Travel by Privately-Owned Automobile.** The Contractor shall be reimbursed for the cost of travel performed by staff members in their privately-owned automobiles at the rate of twelve (12) cents per mile not to exceed the cost by the most direct economy air route between the points so traveled, provided the staff member is taking such automobile to or from the Cooperating Country as authorized under the contract. If any authorized dependents travel with the staff member in such automobile, no additional

charge will be made by Contractor for their travel between such points.

B. Emergency and Irregular Travel and Transportation. Actual transportation costs and travel allowances while en route, as provided in this section will also be reimbursed under the following conditions:

1. Subject to the prior written approval of the Mission Director or his designated representative the costs of going from post of duty in the Cooperating Country to the United States or other approved location for staff members and dependents, when because of reasons or conditions beyond his control, staff member has not completed his required service in the Cooperating Country or the dependent must leave the Cooperating Country. The Mission Director or his designated representative may also authorize the return from the United States or such other approved location to the Cooperating Country of such staff member and/or his dependents.

2. It is agreed that Paragraph 1, next above includes but is not necessarily limited to the following:

a. Need for medical care beyond that available within the area to which staff member is assigned;

b. Serious effect on physical or mental health if residence is continued at assigned post of duty;

c. Death or serious illness in the immediate family (parents and children) of staff member or spouse;

d. Emergency evacuation, including, subject to the Mission Director's approval, the transportation of household effects and automobiles or storage thereof, and a per diem allowance for subsistence.

C. Rest and Recuperation Travel. The Contractor shall be reimbursed for the cost of travel performed by staff members and dependents for purposes of rest and recuperation on the same basis as authorized Mission employees, provided, however, that no reimbursement will be made unless written approval has been obtained from the Mission Director, prior to such travel.

D. Transportation of Motor Vehicles, Personal Effects and Household Goods. Transportation, including packing and crating costs, will be paid for shipment from point of origin in the United States (or other location as approved by the Contracting Officer) to post of duty in the cooperating country and return to point of origin in the United States (or other location as approved by the Contracting Officer) (1) Of one private-owned motor vehicle for each regular staff member, (2) of personal effects of travelers, and (3) of household goods of each regular staff member not to exceed the following limitations:

	Basic household furniture not supplied	Basic household furniture supplied
Regular staff member with dependents in cooperating country.	7,500 pounds net weight.	2,500 pounds net weight.
Regular staff member without dependents in cooperating country.	4,500 pounds net weight.	1,500 pounds net weight.

The cost of transporting motor vehicles and household goods shall not exceed the cost of packing, crating and transportation by surface. In the event that the carrier does not require boxing or crating of motor vehicles for shipment to the cooperating country, the cost of boxing or crating is not reimbursable. The transportation of a privately-owned motor vehicle for a regular staff member may be authorized by the Contractor, as a replacement of the last such motor vehicle

shipped under this contract for such staff member when the Mission Director or his designee determines, in advance and so notifies the Contractor in writing, that the replacement is necessary for reasons not due to the negligence or malfeasance of the regular staff member. The determination shall be made under the same rules and regulations that apply to Mission employees. The cost of transporting unaccompanied baggage and personal effects will be reimbursable as follows:

UNACCOMPANIED BAGGAGE

If major portion of travel by air		If major portion of travel by surface	
Regular staff members	Dependents	Regular staff members	Dependents
100 pounds gross by air and 200 pounds gross by surface.	100 pounds gross by air and 200 pounds gross by surface.	300 pounds gross by surface.	300 pounds gross by surface.

E. Storage of Household Effects. The cost of storage charges (including packing, crating, and drayage costs) in the U.S. of household goods of regular staff members will be permitted in lieu of transportation of all or any part of such goods to the Cooperating Country under Paragraph D, above, provided that the total amount of household goods shipped to the Cooperating Country and stored in the U.S. shall not exceed 4500 pounds net for each regular staff member without dependents in the Cooperating Country and 7500 pounds net for each regular staff member with dependents in the Cooperating Country.

F. Limitation on Transportation.

1. International Air Transportation. All international air travel under this contract shall be made on U.S. flag carriers. Exceptions to this rule will be allowed in the following situations provided that the Contractor certifies to the facts in the voucher or other documents retained as part of his contract records to support his claim for reimbursement and for post audit by AID:

(a) Where a flight by a U.S. carrier is not scheduled to arrive in time for the conduct of official business.

(b) Where a flight by U.S. carrier is scheduled but does not have accommodations available when reservations are sought.

(c) Where the departure time, routing, or other features of a U.S. carrier flight would interfere with or prevent the satisfactory performance of official business.

(d) Where a scheduled flight by a U.S. carrier is delayed because of weather, mechanical, or other conditions to such an extent that use of a non-U.S. carrier is in the Government's interest.

(e) Where the appropriate class of accommodations is available on both U.S. and non-U.S. carriers, but the use of the U.S. carriers will result in higher total U.S. dollar cost to the contract due to additional per diem or other expenses.

(f) Where the appropriate class of accommodations is available only on a non-U.S. carrier and the cost of transportation and related per diem is less than the cost of available accommodations of another class on a U.S. carrier and related per diem.

All international air shipments under this contract shall be made on U.S. flag carriers unless shipment would, in the judgment of the Contractor, be delayed an unreasonable time awaiting a U.S. carrier either at point of origin or transshipment, provided that the Contractor certifies to the facts in the vouchers or other documents retained as part of the contract record to support his claim for reimbursement and for post audit by AID.

2. International Ocean Transportation. All international ocean transportation of persons and things which is to be reimbursed in U.S. dollars under this contract shall be by U.S. flag vessels to the extent they are available.

a. **Transportation of Things.** Where U.S. flag vessels are not available, or their use would result in a significant delay, the Contractor may obtain a release from this requirement from the Resources Transportation Division, Agency for International Development, Washington, D.C., 20523, or the Mission Director, as appropriate, giving the basis for the request.

b. **Transportation of Persons.** Where U.S. flag vessels are not available, or their use would result in a significant delay, the Contractor may obtain a release from this requirement from the Contracting Officer or the Mission Director, as appropriate.

3. Transportation of Foreign-Made Motor Vehicles. Unless otherwise authorized by the Contracting Officer or the Mission Director no reimbursement will be made for the costs of transportation of any foreign (non-U.S.) made motor vehicle between the United States and the Cooperating Country or any intermediate points. Reimbursement will not be made for the costs of transportation of a foreign-made motor vehicle to the United States unless reimbursement has been made for the transportation of such motor vehicle to the Cooperating Country in accordance with the foregoing provision or unless the prior written approval of the Contracting Officer is obtained.

G. Sale of Personal Property or Automobiles. The sale of personal property or automobiles by staff members and their dependents in the Cooperating Country shall be subject to the same limitations and prohibitions which apply to Mission employees.

XX. Notice of Changes in Regulations. Changes in allowances shall be effective at the beginning of the contractor's next pay period following receipt of notice. Notice of changes shall be sent to the Chief of Party with a copy to the Campus Coordinator.

XXI. Other Direct Costs.

A. Insurance.

1. Workmen's Compensation Insurance.

a. The Contractor shall provide and thereafter maintain workmen's compensation insurance as required by United States Public Law 208, 77th Congress, as amended (42 U.S.C. 1651), with respect to and prior to the departure for overseas employment under this contract of all employees who are hired in the United States or who are American citizens or bona fide residents of the United States.

b. The Contractor shall further provide all employees who are nationals or permanent residents of the country in which services are being rendered, if the Contract authorizes their employment, security for compensation benefits pursuant to the applicable law of such country for injury or death in the course of such employment, or in the absence of such law, employer's liability insurance. For all other authorized employees not hired in the United States or who are not American citizens or bona fide residents of the United States, Contractor shall provide the necessary employer's liability insurance.

c. The Contractor agrees to insert the provisions of this paragraph including this subparagraph c, in all subcontracts or subordinate contracts except contracts exclusively for furnishing materials or supplies.

d. All such insurance policies shall be subject to the written approval of the Contracting Officer prior to reimbursement by AID to the Contractor of the costs thereof.

2. Reimbursable Premiums. If retirement contributions, group hospital or health insurance, group life insurance, social security

taxes, state workmen's compensation contributions (including self insurance) are paid by the Contractor under its normal practice and such costs are not in overhead, such payments as pertain to personnel while employed under this contract shall be reimbursable. In cases where Contractor's personnel are excluded from coverage under the Contractor's group life insurance policy by reason of overseas service under this contract, term life insurance giving the same coverage as that to which the individual would be entitled as an on-campus university employee will be reimbursable, provided reimbursement for such premiums shall be limited to the amount allocable to the period of employment under this contract.

3. *Other Insurance.* Contractor shall be reimbursed for such other insurance coverages (including self insurance) as required subject to the prior written approval of the Contracting Officer.

4. *Non-reimbursable Premiums.* Insurance premiums other than those authorized under paragraphs 1, 2, and 3 above, including premiums for insurance on personal property of persons under this contract, will not be reimbursed, either as a direct cost or an indirect cost.

B. *Out-of-Pocket Expenses.* Reimbursement will be made for the costs of actual out-of-pocket expenses, not otherwise provided for nor prohibited elsewhere, by the Contractor in performing work under this contract. Such expenses shall include communication expenses such as costs of telephone and telegraph, postage, cables, preparation and reproduction of training and reference materials and reports, books, reference materials procured solely for the performance of work under the contract and transportation costs thereon, from the Contractor's campus or supplier's shipping point to the Cooperating Country and return; passport, visa, and inoculation fees, medical examinations (not to exceed \$40 per examination for individuals over 12 years of age and \$10 per examination for individuals under 12 years of age) for staff members and dependents provided under paragraph II.B above, and other similar expenses incurred by the Contractor in performing work under the contract.

C. *Other Necessary Costs.* Reimbursement will be made for such other costs not expressly excluded by other provisions of this contract, as should in the opinion of the Contracting Officer, be included in the cost of the work called for by this contract. Any such costs allowed by the Contracting Officer shall be specifically identified by the Contracting Officer as being allowable under this paragraph.

XXII. *Indirect Costs (Overhead).* Contractor will be reimbursed for cost allocable to this contract as specified in Appendix D and computed as follows:

1. The on-campus rate will be negotiated in accordance with the provisions of Subpart 1-15.3 of the Federal Procurement Regulations (Principles for Determining Applicable Costs Under Research Contracts with Educational Institutions).

2. The off-campus rate will be negotiated on the same basis as the on-campus rate except that the following shall be excluded:

- Use of charges for equipment.
- Use of charges for buildings.
- Operation and maintenance of physical plant.

3. The amounts and percentages indicated for operation of library and use of library books, normally a part of the "on-campus" computation, will be excluded from the overhead computation unless the contract indicates use of the library for staff members overseas or for participants at the campus.

4. The allowable indirect costs under this contract shall be obtained by applying ne-

gotiated overhead rates to bases agreed upon by the parties, as specified below.

The Contractor, as soon as possible after the expiration of each Fiscal Year shall submit to the Contracting Officer with a copy to the cognizant audit activity, a proposed final overhead rate or rates for that period based on the Contractor's actual cost experience during that period, together with supporting cost data. Negotiation of final overhead rates by the Contractor and the Contracting Officer shall be undertaken as promptly as practicable after receipt of the Contractor's proposal, and completion of the Audit by the cognizant audit activity.

Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with the FPR as modified above.

The results of each negotiation shall be set forth in a modification to this contract, which shall specify (i) the agreed final rates, (ii) the bases to which the rates apply, and (iii) the period for which the rates apply.

Pending establishment of final overhead rates for any period, the Contractor shall be reimbursed either at negotiated provisional rates as provided in Appendix D or at billing rates acceptable to the Contracting Officer, subject to appropriate adjustment when the final rates for that period are established. To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates shall be set forth in a modification to this contract.

5. Costs reimbursed as a direct charge shall be excluded from overhead computation.

XXIII. *Equipment.*

A. The following costs shall be reimbursable:

1. *Teaching Aids and Related Equipment.* Costs of teaching aids and equipment necessary for instruction or demonstration purposes by Contractor required to conduct programs under this contract, including transportation costs.

2. *Other Equipment.* Costs of all equipment purchased and transportation costs (including scientific research, laboratory and educational equipment, books and related supplies for the local institutions) required to conduct programs under this contract.

3. *Vehicles.* Costs for the purchase of vehicles (i.e., jeeps, carryalls, and trucks) including transportation costs if necessary for the project and not furnished in kind by the Cooperating Government or AID.

B. *Limitation.*

1. No single item of equipment costing in excess of \$2,500 shall be purchased without the prior written approval of the Contracting Officer. Contractor shall follow its normal procurement practices and regulations and diligently seek to obtain the maximum benefit possible to the cooperating country from its expenditure of funds under this section. No vehicle may be purchased without the prior written approval of the Contracting Officer.

2. Except as may be specifically approved or directed in advance in writing by the Contracting Officer, the source of any procurement financed under this contract by U.S. dollars shall be the United States, and the origin of any item of equipment purchased for each transaction in excess of \$2500 shall be the United States. The term "source" means the country from which a commodity is shipped to the cooperating country. If, however, a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse. The term "origin" means the country

in which the commodity has been mined, grown, or through manufacturing, processing, or assembly, produced. In addition to the foregoing rule a produced commodity purchased in any transaction in excess of \$2500 will not be eligible for financing under this contract if (i) it contains any component which has as its origin a country which does not appear in AID's list of Free World Countries (AID geographic code 899); or (ii) it contains any component imported into the country of production from Free World countries (code 899) other than the authorized source country; and (a) such components were acquired by the producer in the form in which they were imported; and (b) the total cost of such components (delivered at the point of production) amounts to more than 10 percent, or such other percentage as AID may prescribe, of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale.

C. *Title To and Care of Property.*

1. Except as modified by the provisions of Appendix D to this contract, title to all equipment, materials and supplies, the cost of which is reimbursable to Contractor by AID or by the Cooperating Government shall at all times, be in the name of the Cooperating Government, or such public or private agency as the Cooperating Government may designate unless title to specified types or classes of commodities is reserved to AID under the provisions of Appendix D to this contract, but all such property shall be under the custody and control of Contractor until completion of work under this contract or its termination at which time custody and control shall be turned over to the owner of title or disposed of in accordance with its instructions. All performance guarantees and warranties obtained from suppliers shall be taken in the name of the title owner.

2. Contractor shall prepare and establish a program to be approved by the Mission for the receipt, use, maintenance, protection, custody and care of equipment, materials and supplies for which it has custodial responsibility, including the establishment of reasonable controls to enforce such program.

D. *Small Business Provision.* To permit AID, in accordance with the Small Business Provisions of the Mutual Security Act, to give U.S. Small Business firms an opportunity to participate in supplying equipment covered by this section, Contractor, shall, to the maximum extent possible, provide the following information to the Office of Small Business, AID, Washington, D.C. 20523, at least 45 days prior to placing any order in excess of five thousand (\$5,000) dollars, except where a shorter time is requested of, and granted by the Office of Small Business:

- Brief general description and quantity of commodities or services;
- Closing date for receiving quotations or bids;
- Address where invitations or specifications may be obtained.

E. *Marking.* All commodities and their shipping containers, furnished to cooperating countries under AID financing (whether from the U.S. or other source country), must carry the official AID emblem designed for the purpose. This identification shall be affixed by metal plate, decalcomania, stencil, label, tag, or other means, depending upon the type of commodity or shipping container and the nature of the surface to be marked. The emblems placed on the commodities must be approximately as durable as the trade mark or company or brand name affixed by the producer; the emblems on the shipping containers must be legible until they reach the consignee.

The size of the emblem may vary depending upon the size of the commodity, package or shipping container to be marked, but must be large enough to be clearly visible at a reasonable distance. In addition, the shipping container will indicate clearly the last set of digits of the AID PA, PIO, or other authorization number in characters at least equal in height to the shipper's marks.

The emblem will appear in the colors shown on the samples available in the Office of Small Business, Agency for International Development, Washington, D.C., 20523, or in the offices of the Mission in the respective cooperating countries. Raw materials (including grain, coal, petroleum, oil and lubricants) shipped in bulk, vegetable fibers packaged in bales, and semi-finished products which are not packaged in any way are, to the extent compliance is impracticable, excepted from the marking requirements of this section. However, the emblem will be prominently displayed on all ships during loading and unloading when their cargoes consist entirely of AID-financed goods. Instructions relating to display of the emblem by ships will be furnished by the charterers to the carriers with their charter parties.

If compliance with the provisions of this paragraph is found to be impracticable with respect to other commodities, the cooperating country or supplier will promptly request the Office of Small Business, Agency for International Development, Washington, D.C., 20523, for an exception from the requirements of this paragraph.

XXIV. Participant Training Program.

A. Whenever the operational plan provides for a participant training program, the Contractor shall be reimbursed for the costs involved in providing training and observation in the United States to the participants in accordance with the following:

1. Customary tuition and fees of the institution in which the training takes place.
2. Typing of papers and allowances for required textbooks. Titles to be approved by the Contractor.
3. Use of Computers and/or data processing equipment.

4. Travel within the United States or third countries as approved by the Contractor, including the cost of travel from port of entry into U.S. to Contractor's campus and from Contractor's campus to port of embarkation from U.S.

5. Subsistence while in the United States or in third countries not to exceed maximum AID rates established in the applicable AID manual orders, furnished to the Contractor, as from time to time amended.

6. Other direct necessary costs.

7. No charge for international transportation or for insurance for participants will be made against this contract.

8. Contractor shall incur costs set forth in subparagraphs 2, 4, 5, and 6 above in accordance with applicable AID manual orders and Project Manager Guides, as from time to time amended, and supplied to the Contractor by the Contracting Officer.

B. In addition to the costs provided for in paragraph A next above, AID will pay to the Contractor a service charge of \$25.00 per semester per regular participant assigned under paragraph A-1. In the event that the Contractor's institution is on the quarter system or the period of training of the regular participant does not coincide with semesters, the service charge will be \$6 per month. It is understood that the handling of participants will require special attention of the Contractor beyond that usually afforded to students in general and additional services from the Contractor including but not limited to (1) general program management and processing, (2) administration of subsistence payments, (3) purchase of books

and equipment, (4) planning of itineraries and (5) special counseling.

C. For participants assigned under this Contract but not assigned for full-time enrollment in regular classes during complete academic periods, Contractor shall be reimbursed the following in lieu of that authorized in paragraph A1 and B above:

(1) For one or two participants (not assigned to a group training program): \$15 per calendar day per participant for the first 15 days and \$10 per calendar day per participant thereafter for the period of service to such participant(s) by the Institution.

(2) For three or more participants (assigned to the same group training program): \$10 per calendar day per participant for the period of service to such participants, not to exceed a total of \$120 per calendar day for any one group.

XXV. Research Activities. To the extent authorized in Appendix D (Special Provisions) of the contract, research activities pertinent to the program shall be reimbursed hereunder. Graduate students may be retained by the contractor to assist in such research.

XXVI. Unallowable Costs. Payment for representation, entertainment, gratuities, zone transfer allowances and other items not ordinarily reimbursable under United States Government contracts will not be reimbursed.

XXVII. Facilities and Services to be Arranged by AID.

A. In order to assure full local benefits from the work as well as its expeditious conduct, AID agrees to arrange with appropriate authorities in the Cooperating Country for a clear assignment of responsibility to the appropriate officials for the development of this undertaking and a clear assignment of responsibilities to the Contractor.

B. AID will arrange with the officials of the Cooperating Country to develop, to the extent permitted by their available resources, their own personnel, facilities, programs, and activities to permit the early and effective accomplishment of the objectives of the contract.

XXVIII. Method of Payment.

A. Dollar Payment. AID will upon request from the Contractor in accordance with Paragraph XXX below make an initial advance to said Contractor in the amount stated in Article III-C of the basic agreement pursuant to the provisions of 1-30.4 (FPR), as it applies to educational institutions for research and development work; and thereafter will reimburse the Contractor an amount equal to reported expenditures in order to replenish the advance fund on an imprest basis. AID will replenish the fund on a quarterly basis (or other agreed interval) upon submission of documents prescribed in Paragraph XXX below until such time as the total of reimbursements effected added to the initial advance equals the amount of the AID commitment stated in Article III-A of the basic agreement. Thereafter, vouchers for expenditures submitted by the Contractor will not be reimbursed but will be applied to liquidate the remaining outstanding advance. In the event the total amount of subsequent vouchers are insufficient to liquidate the amount of the outstanding advance, the Contractor will refund the difference to the Controller of AID in accordance with Paragraph XXIX below.

B. Local Currency.

1. It is agreed that the Contractor will consult with the Mission as to policies with regard to all transactions in connection with the performance of this contract relating to the acquisition, conversion and expenditures of local currencies and shall obtain Mission approval of such transactions and practices to the end that local currencies owned by the United States shall be utilized to meet the

local costs of contractual services to the maximum extent practicable.

2. Local currency funds provided by AID or the Cooperating Country shall be advanced to the Contractor's Chief of Party in a manner adapted to the local situation and agreed to by the Mission and Contractor. Local currency costs to be borne by the Cooperating Government are set forth in Appendix D to the Contract. Only in the event that the Cooperating Government does not make such funds available will AID be responsible therefor.

XXIX. Refund of Unexpended Funds. The Contractor shall, as prescribed in Paragraph XXX below, make a repayment to AID of all unexpended portions of the advanced dollar funds not otherwise obligated under the contract for a legally binding transaction. The Contractor shall make a repayment to the Mission of all unexpended portions of the advanced local currency funds not otherwise obligated under the contract for a legally binding transaction. In the event there are any outstanding obligations at the time of filing the final voucher required by Paragraph XXX below, a subsequent accounting pertaining thereto will be made in the same manner as required by said paragraph.

XXX. Documentation Requirements.

A. Initial Advance. Contractor will submit to the Controller of AID Voucher Form SF-1034 (original) and SF-1034(a) three copies, properly executed, requesting advance of funds in the agreed upon amount required to establish a working fund.

B. Replenishment Vouchers. Contractor will submit to the Controller of AID Voucher Form SF-1034 (original) and SF-1034(a) three copies, properly executed, in the amount of expenditures made during the period covered, which voucher forms shall be supported by:

1. Original and two copies of a certified fiscal report rendered by the Contractor in the form and manner satisfactory to AID substantially as follows:

Category	Firm budget amount	Total expenditures	
		To date	This period
Salaries.....	\$XXX	\$XXX	\$XXX
Allowances.....	XXX	XXX	XXX
Travel and transportation.....	XXX	XXX	XXX
Other direct costs.....	XXX	XXX	XXX
Overhead.....	XXX	XXX	XXX
Equipment.....	XXX	XXX	XXX
Participant costs.....	XXX	XXX	XXX
Grand total.....	XXX	XXX	XXX

2. The fiscal report shall include a certification signed by an authorized representative of the Contractor as follows:

"The undersigned hereby certifies: (1) that payment of the sum claimed under the cited contract is proper and due and that appropriate refund to AID will be made promptly upon request of AID in the event of non-performance, in whole or in part, under the contract or for any breach of the terms of the contract; and (2) that information on the fiscal report is correct and such detailed supporting information as the AID may require will be furnished at the Contractor's home office or base office as appropriate promptly to AID on request.

By _____ Title _____ Date _____

3. Vendor's invoice or photostat covering each transaction in excess of \$2,500 appropriately detailed as to quantity, description and price for each individual item of equipment purchased.

4. Supplier's Certificate, AID Form 281, in triplicate, executed by the vendor for each transaction in excess of \$2,500.

C. *Final Voucher.* Voucher Form SF-1034 (original) and SF-1034(a) three copies, properly executed, marked "NO PAY" and "FINAL VOUCHER" to be submitted to the Controller of AID within one hundred and twenty (120) days following the end of the quarter in which services were completed or terminated and supported by:

1. Original and two copies of a certified fiscal report rendered by the Contractor as in B. 1 and 2 above.
2. Vendor's Invoices as in B.3 above.
3. Supplier's Certificate as in B.4 above.
4. Refund check as prescribed by Paragraph XXIX for the balance of funds remaining on hand and not obligated by the Contractor.

D. *Documentation for Mission.* When submitting Voucher Form SF-1034 and the fiscal report to the Controller of AID, the Contractor shall at the same time airmail to the Mission Controller one copy of SF-1034(a) and fiscal report. The Mission Controller's copy shall be accompanied by one copy of vendors' invoices for all items of commodities, equipment and supplies (except magazines, pamphlets and newspapers) procured and shipped overseas and for which the cost is reimbursable under this contract. (For items shipped from Contractor's stocks where vendors' invoices are not available, a copy of the documents used for posting to Contractor's account shall be furnished.)

XXXI. *Accounting Records.* Contractor shall keep full and complete records and books of account, in accordance with generally accepted accounting principles, covering the financial details applicable to the contract and shall require all subcontractors, except those providing standard commercial services and supplies and raw materials, to maintain similar books and records. AID and the Comptroller General of the United States or any of their duly authorized representatives shall, until the expiration of 3 years after final payment under the contract, have access to and the right at all times to examine such records and books of account (and in addition any or all other attachments, correspondence, memoranda, and other reports pertaining to the contract) of the Contractor involving transactions relating to this contract.

XXXII. *Miscellaneous.* AID shall use its best efforts to provide contractor's staff members and dependents with medical care, APO, PX, commissary and Officers Club privileges if made available to AID employees at the post of assignment.

XXXIII. *Services Provided to Contractor.* In the event the United States Government or Cooperating Government has furnished the Contractor free of charge with items or services which are covered herein as allowable costs, reimbursement may not be claimed for such items or services.

XXXIV. *Conflict of Interest.* Other than work to be performed under this contract for which an employee is assigned by Contractor, no staff member of Contractor shall engage, directly or indirectly, either in his own name or in the name or through the agency of another person, in any business, profession or occupation in the Cooperating Country or other foreign countries to which he is assigned, nor shall he make loans or investments to or in any business, profession or occupation in the Cooperating Country or other foreign countries to which he is assigned.

XXXV. *Disputes.* A. Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting

Officer shall be final and conclusive unless within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Administrator, Agency for International Development, Washington, D.C., 20523. The decision of the Administrator or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

B. This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in paragraph A above: Provided, That nothing in this contract shall be construed as making final the decision of any administrative official representative, or board on a question of law.

XXXVI. *Termination for the convenience of the Government.*

A. The performance of work under this contract may be terminated, in whole or from time to time in part, by the Government whenever for any reason the Contracting Officer shall determine that such termination is in the best interest of the Government. Termination of work hereunder shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under the contract is terminated and the date upon which such termination becomes effective.

B. After receipt of the Notice of Termination the Contractor shall cancel his outstanding commitments hereunder covering the procurement of materials, supplies, equipment and miscellaneous items. In addition, the Contractor shall exercise all reasonable diligence to accomplish the cancellation or diversion of his outstanding commitments covering personal services and extending beyond the date of such termination to the extent that they relate to the performance of any work terminated by the notice. With respect to such canceled commitments, the Contractor agrees to (i) settle all outstanding liabilities and all claims arising out of such cancellation of commitments with the approval or ratification of the Contracting Officer, to the extent he may require, which approval or ratification shall be final for all purposes of this clause, and (ii) assign to the Government, in the manner, at the time, and to the extent directed by the Contracting Officer, all of the right, title and interest of the Contractor under the order and subcontracts so terminated, in which case the Government shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

C. The Contractor shall submit his termination claim to the Contracting Officer promptly after receipt of a Notice of Termination, but in no event later than 1 year from the effective date thereof, unless one or more extensions in writing are granted by the Contracting Officer upon written request of the Contractor within such 1-year period or authorized extension thereof. Upon failure of the Contractor to submit his termination claim within the time allowed, the Contracting Officer may, subject to any review required by AID Regulations in effect as of the date of execution of this contract, determine, on the basis of information available to him,

the amount, if any, due to the Contractor by reason of the termination and shall thereupon pay to the Contractor the amount so determined.

D. Any determination of costs under paragraph C shall be governed by the cost principles set forth in Part, 15, Subpart 3, of the AID procurement Regulation as in effect on the date of this contract.

E. Subject to the provisions of paragraph C above, and subject to any review required by AID Regulations in effect as of the date of execution of this contract, the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the termination under this clause, which amount or amounts may include any reasonable cancellation charges thereby incurred by the Contractor and any reasonable loss upon outstanding commitments for personal services which he is unable to cancel subject to the provisions of paragraph XXXVIII; provided, however, that in connection with any outstanding commitments for personal services which the Contractor is unable to cancel, the Contractor shall have exercised reasonable diligence to divert such commitments to its other activities and operations, any such agreement shall be embodied in any amendment to this contract and the Contractor shall be paid the agreed amount.

F. The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments against costs incurred by the Contractor in connection with the terminated portion of this contract, whenever, in the opinion of the Contracting Officer, the aggregate of such payments is within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally agreed or determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand; provided, that if such excess is not so paid upon demand, interest thereon shall be payable by the Contractor to the Government at the rate of 6 percent per annum, beginning thirty (30) days from the date of such demand.

G. The Contractor agrees to transfer title and deliver to the Government, in the manner, at the time and to the extent, if any, directed by the Contracting Officer, such information and items which, if the contract had been completed, would have been required to be furnished to the Government, including: (i) completed or partially completed plans, drawings, and information; and (ii) materials or equipment produced or in process or acquired in connection with the performance of the work terminated by the notice. Other than the above, any termination inventory resulting from the termination of the contract may, with the written approval of the Contracting Officer, be sold or acquired by the Contractor under the conditions prescribed by and at a price or prices approved by the Contracting Officer. The proceeds of any such disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be credited to the price or cost of work covered by this contract or paid in such other manner as the Contracting Officer may direct. Pending final disposition of property arising from the termination, the Contractor agrees to take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which the Government has or may acquire an interest.

H. Any disputes as to questions of fact which may arise hereunder shall be subject to the "Disputes" clause of this contract.

XXXVII. *Material Change in Conditions.* If the contractor advises the Contracting Officer of a material change in the conditions which substantially interferes with or impedes the performance of the contract in accordance with its terms or with sound professional standards, the parties will mutually consider appropriate action to be taken, which might include, but is not limited to, modification of the contract or its termination in whole or part pursuant to the clause of the contract entitled "Termination for the Convenience of the Government." Failure of the parties to agree on the existence of such circumstances and consequent refusal of the Government to terminate after receipt of a specific written request to do so will be a dispute concerning a question of fact within the meaning of the clause of the contract entitled "Disputes."

XXXVIII. *Salary Adjustment on Termination.* In the event Contractor's services are terminated by AID pursuant to Paragraph XXXVI or in the event that an employee's services are terminated by the Contractor at the request of AID or of the Cooperating Country for reasons other than misconduct, Contractor will be reimbursed for salary payments to staff members of salaries (excluding overseas incentive, differential and allowances) to the extent Contractor is liable to make such payments under its agreements with such staff members, provided that such staff members are not otherwise gainfully employed during the compensable period following such termination or, if gainfully employed, but at a lesser compensation, payments will be made to equalize the difference between such lesser compensation and the employee's salary (excluding overseas incentive, differential and allowances) and provided further, that such payments shall not extend beyond 1 year from the date of the employee's termination, or the date on which this contract would have expired but for termination, whichever is earlier. Contractor agrees to exert its best efforts to minimize costs under this provision.

XXXIX. *Notices.* Any notice given by any of the parties hereunder, shall be sufficient only if in writing and delivered in person or sent by telegraph, or cable, or registered mail as follows:

To AID Administrator, Agency for International Development, Washington, D.C. 20523, Attention: Contracting Officer (naming the Contracting Officer who executed this contract) (with copy to appropriate Mission Director).

To Contractor: At Contractor's address shown in the opening paragraph of this contract.

or to such other address as either of such parties shall designate by notice given as herein required. Notices hereunder shall be effective when delivered.

APPENDIX B

Contract No. -----

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND

Plan No. ----- Date of Plan: -----

APPENDIX B—OPERATIONAL PLAN

I. There will be set out in this appendix an agreed-upon scope of work to be covered by the contract, including a general work plan and statement of the objectives to be attached.

II. This exhibit will include a statement or listing of the number and types of full time positions to be financed as direct costs under the contract.

III. Additional provision will be made for substantive matters with respect to the work to be performed under the contract.

APPENDIX C

Contract No. -----

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND

Budget No. -----

APPENDIX C—APPROVED BUDGET

Line Item No.	Firm budget		Projected budget		Total budget	
	From—	To—	From—	To—	From—	To—
1. Salaries.....						
2. Allowances.....						
3. Travel and transportation.....						
4. Other direct costs.....						
5. Overhead.....						
6. Equipment.....						
7. Participant costs.....						
Grand total.....						

SPECIAL PROVISIONS

1. The firm budget represents the total funds authorized to be expended by the Contractor during the period indicated. Within the grand total of the firm budget the Contractor may increase or decrease any of the line items contained in the firm budget, by not more than 15 percent, except Line Items No. 6 and No. 7, without obtaining approval of the Contracting Officer.

2. The projected budget covers estimated costs for the period indicated of which \$----- has been committed by AID for the purposes of this Contract. Any expenditure of projected budget funds will be subject to prior approval by the Contracting Officer.

3. As soon as practicable during the period covered by the firm budget, but not later than 3 months prior to the end of the firm budget period, the Contractor will submit new budget proposals in three (3) copies to AID Washington and one copy to the Mission Director. Such proposals will include:

a. Data (by Line Items of this Appendix C) on Contractor's cumulative expenditures from the effective date of this Contract through the end of the current firm budget period. At the time of submittal this data will necessarily be a combination of (1) actual expenditures through the latest practicable date in the current firm budget period (show separately) plus (2) estimated expenditures for the remainder of the current firm budget period.

b. Proposed firm budget for the year (or other agreed upon period) immediately following the end of the current firm budget period, accompanied by work-sheet data in sufficient detail as to justify the firm budget proposal.

c. Proposed projected budgets for each year of the remaining term of this Contract following the proposed firm budget period (see b. above).

NOTE: The firm budget would normally cover the first year of the Contract term and the projected budget would cover the remainder of the Contract term.

(APPENDIX D)

Contract No. -----

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND

APPENDIX D—SPECIAL PROVISIONS

I. This appendix has been provided to accommodate all special provisions which

may be necessary with respect to individual contracts.

II. Provision will be set out as to what costs are to be financed from cooperating country funds or through the cooperating country providing to pay for international transportation costs and provide housing (quarters) for the technicians and their families, it will be so stated in this appendix.

III. Provision will be developed which will accommodate a situation where cooperating country does not meet its commitments as to funding or services which it is obligated to provide.

IV. This appendix will provide for research activities pertinent to this contract program as agreed to between the parties. Expenses covering such research shall be distributed among the appropriate line items in Appendix C. The use of graduate students to assist in such research activity is permitted.

V. This Appendix will provide for orientation and Language Training.

PART 7-17—EXTRAORDINARY CONTRACTUAL ACTIONS TO FACILITATE THE NATIONAL DEFENSE

Subpart 7-17.1—General

§ 7-17.101 Authority.

AID is not among the agencies named in the Act or authorized by the President to take actions under it.

(Sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381)

PART 7-30—CONTRACT FINANCING

Subpart 7-30.4—Advance Payments

Sec.

- 7-30.400 Scope of subpart.
- 7-30.403 Interest.
- 7-30.405 Statutory requirements.
- 7-30.406 Responsibility—delegation of authority.
- 7-30.407 The Act of August 28, 1958, Public Law 85-804—Formally advertised contracts.
- 7-30.413 Security, supervision, covenants.

AUTHORITY: The provisions of this Part 7-30 issued under sec. 621, 75 Stat. 445, as amended; 22 U.S.C. 2381.

Subpart 7-30.4—Advance Payments

§ 7-30.400 Scope of subpart.

References to nonprofit contracts with nonprofit educational or research institutions for experimental, research and development work, include such contracts with nonprofit institutions for technical assistance services provided to or for another country.

§ 7-30.403 Interest.

Rates of interest may be fixed by heads of procuring activities.

§ 7-30.405 Statutory requirements.

Section 635(b) of the Foreign Assistance Act and Executive Order 11223, May 12, 1965, 30 F.R. 6635, permit the making of advance payments with respect to functions authorized by the Foreign Assistance Act. Advance payments under AID contracts may also be made under section 305 of the Property Act, which provides authority, not otherwise available to AID, to take a paramount lien.

§ 7-30.406 Responsibility — delegation of authority.

The agency head includes the officers who are included in the definition of "Head of the agency" set out in AIDPR 7-1.204. The authority of the agency head may be delegated by him to the heads of procuring activities. The authority to make the required determination and findings may be delegated to the chiefs of contracting offices with respect to nonprofit contracts with nonprofit educational or research institutions.

§ 7-30.407 The Act of August 28, 1958, Public Law 85-804—Formally advertised contracts.

The Act referred to does not apply to AID.

§ 7-30.413 Security, supervision, covenants.

Under procedures approved by the Treasury Department, AID will use Federal Reserve letters of credit for advance payments in appropriate circumstances for financing programs carried out by State and local governments and edu-

cational and other institutions, including international organizations as provided in Treasury Circular No. 1075, dated May 28, 1964.

Effective dates. Effective on September 17, 1965, except for Subparts 7-1.10 and 7-4.2, which are effective on October 17, 1965.

Dated: September 17, 1965.

DAVID S. BELL,
Administrator.

[P.R. Doc. 65-10503; Filed, Oct. 11, 1965; 8:45 a.m.]

